

**Wholesale Lending / Mortgage Programs / Conventional Programs / Fixed / Conforming / 3600:
FHLMC HASP Strmline Refinance 30 Yr. ? Open Access (03/24/10)**

3600: FHLMC HASP Strmline Refinance 30 Yr. – Open Access (03/24/10)

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3600 FHLMC HASP Strmline Refinance 30 Yr. – Open Access
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*Several states and local municipalities have enacted legislation that define High Cost loans based on APR and fee thresholds which may or may not relate to the HOEPA thresholds. These types of loans typically have various restrictions. **It is the policy of U.S. Bank Home Mortgage not to purchase any loan defined as "high cost" under any federal or state law/regulation or local ordinances, and any subsequent amendments thereto.***

Description

The Freddie Mac Relief Refinance Open Access Mortgage is a Freddie Mac to Freddie Mac fixed rate, fully amortizing streamline refinance with level payments for life of loan. Seller/Serviceicers that currently do not service the loan being refinanced, are permitted to originate loans under this program to refinance conventional conforming and conforming Jumbo loan amounts purchased by Freddie Mac on or before 05/31/09.

Maximum Loan Amount

- Conforming Loans: Conforming Limits
- Conforming Jumbo Loans: 2009 loan limits as set by the Recovery and Reinvestment Act of 2009 depending upon area median house price and MSA location.

http://www.fhfa.gov/webfiles/2081/FullCountyLoanLimitList2009_ARRA.xls

LP Eligibility

- LP Accept is allowed.
- LP A-Minus is not allowed.

Rate/Term Refinance

	<u>LTV</u>	<u>TLTV/HTLTV</u>
Primary: 1- 4 Unit	105%	No maximum Limit
2 nd Home: 1 Unit	105%	No maximum Limit
Investment: 1-4 Units	105%	No maximum Limit

Streamline Rate/Term refinance transactions limited to the following:

- Payoff of the first mortgage lien unpaid principal balance plus accrued interest.
- The lessor of 4% of the unpaid principal balance of the Mortgage being refinanced or \$5,000 can be added to the unpaid principal balance of the first mortgage to pay for Closing Costs, Pre-Paid, Financing

Costs and Escrows.

- Maximum of \$250 cash back to borrower is allowed. Any funds in excess of the allowable cash back must be applied to the new refinance as a principal curtailment. Proceeds cannot be used to pay off or pay down any subordinate financing.

The Streamline Refinance must be for one of the following purposes:

- To reduce the interest rate on the first mortgage OR,
- To replace an ARM, Initial Interest Mortgage or any Mortgage with an interest-only period, or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage OR,
- To reduce the amortization term of the Mortgage of the First Lien Mortgage.

The new mortgage can have a term exceeding the original term of the Mortgage being refinanced.

Borrower may not own more than four (4) 1-4 unit financed properties (including primary residence) if loan is secured by second home or investment property.

Eligible Existing First Lien

- Must be a first lien, conventional mortgage currently owned by Freddie Mac.
- Existing first lien must be seasoned for at least three (3) months from Note Date and purchased by Freddie Mac on or before 05/31/09.
- Mortgage payment history must indicate existing Mortgage has not been 30 or more days delinquent in the most recent 12 months, or since the Mortgage Note Date if the Mortgage is seasoned for less than 12 months.

Ineligible Existing First Liens

- Mortgage loans sold to Freddie Mac with any of the following are ineligible:
 - With recourse
 - Indemnification
 - Other negotiated credit enhancements

Subordinate Financing

- Secondary financing must comply with FHLMC guidelines. Existing subordinate financing can be subordinated at the existing balance only. New subordinate financing is not allowed.
- Existing secondary financing may be an Affordable Second.
- A junior lien currently serviced by Seller of the HASP Streamline Refinance may be refinanced simultaneously with First Lien Mortgage if junior lien is being refinanced for one of the following purposes:
 - Reduction in the interest rate of junior lien
 - Refinancing an ARM, interest-only, or a junior lien with a balloon or call option to a fixed rate fully amortizing junior lien.
 - Reduction in amortization term or junior lien.

The unpaid principal balance of the new junior lien cannot be more than the unpaid principal balance at the time of payoff of the junior lien being refinanced.

A junior lien cannot be refinanced from a fixed rate to a ARM

Underwriting Submission

Loans must be submitted to your USBHM Underwriting Department - **Submission to Underwriting**. Sellers awarded Delegated Levels 2, 3 and 4 underwriting authority from USBHM can underwrite **up to their specific level of authority** – **Delegated Underwriting Authority**.

General Underwriting

- Underwritten to FHLMC guidelines except as outlined in this product guideline.
- LP Accept required.
- A complete and dated Residential Loan Application that includes signatures by ALL borrowers is required.
- Requires payoff statement for accurate calculation of loan amount based on unpaid principal balance.
- Loan Prospector mortgages must include minimum Documentation Level per LP feedback Certificate.

Eligible Borrowers

- Borrower(s) listed on the FHLMC Streamline refinance must be the same Borrower(s) listed on the Note of the Mortgage being refinanced. The only exception would be death, or under certain circumstances, a divorce of a Borrower provided the file contains documentation of the death or divorce. Additional Borrowers cannot be added.
- If the Borrower(s) listed on the FHLMC Streamline refinance are not the same Borrower(s) listed on the Note of the Mortgage being refinanced due to death or divorce the file must contain documentation of the death or divorce. The file must also contain evidence that the remaining borrower has been making the Mortgage payments, including payments for any secondary financing, for the most recent 12-month period or, since the Note Date, if the loan is seasoned less than 12 months.

Eligible Properties

- 1-4 Unit Primary Residence
- 1 Unit Second Home
- 1-4 Unit Investment
- Standard FHLMC eligible properties as stated in the Conventional Underwriting Guidelines - **Eligible Properties**
- Condominium requirements listed in the Conventional Underwriting Guidelines - **Condominiums & PUDS** section.
- Manufactured homes are ineligible.

Eligible States

See State Table. **Excludes Texas.**

Credit / FICO

- All Borrowers must have a FICO Score.
- Minimum 620 FICO Score required.
- Existing mortgage must be current.
- Borrower must meet the requirements for FHLMC LP underwritten loans, including mortgage delinquency, bankruptcy and foreclosure requirements.

Qualifying Ratios

- DTI determined by LP.

Qualifying Rate

- Note Rate

Funds to Close / Reserves

- Reserves are not required, however, reserves should be considered in the underwriting process. If reserves are submitted to Loan Prospector they must be verified.
- Gift funds are allowed per FHLMC guidelines.

Processing Options

- Loans must be submitted through LP.

Appraisal / Valuation

- Need fully completed URAR – interior and exterior inspection required.
- A field review (Form 1032) is required if the LTV/TLTV/HTLTV is > 75% and the value is \geq \$1,000,000.
- Home Value Explorer or Automated Valuation Models are not allowed.

Mortgage Insurance

- If the original LTV on the existing Freddie Mac mortgage was > 80% and currently has MI, the loan is NOT eligible for a LP Streamline Refinance Open Access regardless of the LP response.
- If the Mortgage being refinanced does not have mortgage insurance coverage, then no mortgage insurance coverage is required for the new refinance Mortgage, even if the LTV ratio is greater than 80%.

Temporary Buydowns

- Not allowed

Freddie Mac Offering Identifier Code

Required Offering Identifier for Relief Refinance Mortgages: "Open Access (310)"

Freddie Mac Special Characteristic Codes

- SCC Code "H08" must be used with this product.

- SCC code "007" for no cash out refinances.
- Mortgage with an Affordable Second use SCC Code "583"

Well and Septic Requirements

See Conventional Underwriting Guidelines – **Well & Septic Requirements**

Termite Inspection

See Conventional Underwriting Guidelines– **Termite Inspection**

Work Completion Escrows

See Conventional Underwriting Guidelines– **Work Completion Escrows**

Shared Roads, Well and Septic Systems

See Conventional Underwriting Guidelines –**Shared Roads, Well & Septic Systems**

Assumability

- Not assumable.

Escrow Waivers

- Escrows may be waived on LTV of 80% or less. The borrower must sign an Agreement for Waiver of Loan Escrows.
- A 0.25 pt fee will be charged if taxes and insurance escrows are waived.

Amortization

- 15 or 30 year amortization. No negative amortization.

Prepayment Penalty

- None.

Late Charges

- 5% or the highest allowed by state law.

Closing Documents

Use most current version required by FHLMC/FNMA for the following documents:

- **Note:**
 - Multistate or state specified, if applicable - Fixed Rate Note FNMA/FHLMC 3200 series.
- **Rider to Mortgage:**
 - PUD units only - FNMA/FHLMC 3150 Multistate Planned Unit Development Rider.

- CONDO units only - FNMA/FHLMC 3140 Condominium Rider.
- 2nd Home Rider - FHLMC 3890 Second Home Rider.
- Investment and 2-4 Unit Properties - FNMA/FHLMC 3170 Multistate one-to-four family Rider.
- **Security Instrument:**
 - In all states, use the state-specific FNMA/FHLMC Mortgage/Deed of Trust.