

FHA Single Family Housing Policy Handbook 4000.1,

Part II — d. Refinances (05/25/2025)

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d. Refinances (05/25/2025) i. Overview (A) Definition A Refinance Transaction is used to pay off the existing debt or to withdraw equity from the Property with the proceeds of a new Mortgage for a Borrower with legal title to the subject Property. (B) Types of Refinances (1) Cash-Out A Cash-Out Refinance is a refinance of any Mortgage or a withdrawal of equity where no Mortgage currently exists, in which the mortgage proceeds are not limited to specific purposes. (2) No Cash-Out A No Cash-Out Refinance is a refinance of any Mortgage in which the mortgage proceeds are limited to the purpose of extinguishing the existing debt and costs associated with the transaction. FHA offers three types of no cash-out refinances: (a) Rate and Term Rate and Term refers to a no cash-out refinance of any Mortgage in which all proceeds are used to pay existing mortgage liens on the subject Property and costs associated with the transaction. (b) Simple Refinance Simple Refinance refers to a no cash-out refinance of an existing FHA-insured Mortgage in which all proceeds are used to pay the existing FHA-insured mortgage lien on the subject Property and costs associated with the transaction. (c) Streamline Refinance Streamline Refinance refers to the refinance of an existing FHA-insured Mortgage requiring limited Borrower credit documentation and underwriting. There are two different streamline options available. (i) Credit Qualifying The Mortgagee must perform a credit and capacity analysis of the Borrower, but no appraisal is required. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 439 Last Revised: 11/26/2025 (ii) Non-credit Qualifying The Mortgagee does not need to perform credit or capacity analysis or obtain an appraisal. (3) Refinances for the Purpose of Rehabilitation or Repair A Borrower may refinance existing debts and obtain additional financing for purposes of rehabilitation and repair. Refer to 203(k) Rehabilitation Mortgage Insurance Program for guidelines for refinances under FHA's Section 203(k) program. (4) Refinancing of an Existing Section 235 Mortgage An existing Section 235 Mortgage may be refinanced as any no cash-out refinance. In refinancing a Section 235 Mortgage, the Mortgagee is required to repay to FHA any amount of excess subsidy. The outstanding principal balance on a Section 235 is calculated by adding back to the balance any amount of the excess subsidy paid to FHA. If FHA has a junior lien that was part of the original Section 235 financing, FHA will subordinate the junior lien to the Section 203(b) Mortgage that refinances the Section 235 Mortgage. ii. General Eligibility (A) FHA-Insured to FHA-Insured Refinances FHA-insured to FHA-insured (FHA-to-FHA) refinances may be used with any refinance type. The Mortgagee must obtain a Refinance Authorization Number from FHA Connection (FHAC) for all FHA-to-FHA refinances. FHA

will not issue a new case number for any FHA to FHA Refinance where the existing Mortgage to be paid off has a repair or rehabilitation escrow account that the Escrow Closeout Certification has not been completed in FHAC. (B) General Borrower Eligibility At least one Borrower on the refinancing Mortgage must hold title to the Property being refinanced prior to case number assignment. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 440 Last Revised: 11/26/2025 (C) General Mortgage Eligibility (1) Standard The Mortgagee must not approve any Mortgage that refinances or otherwise replaces a Mortgage that has been subject to eminent domain condemnation or seizure, by a state, municipality, or any other political subdivision of a state. (2) Required Documentation If the Mortgage to be insured is located in an area where a state, municipality, or other political subdivision has exercised eminent domain condemnation or seizure of a Mortgage, the Mortgagee must obtain a certification from the Borrower stating the Mortgage being refinanced was not subject to eminent domain condemnation or seizure. iii. Temporary Interest Rate Buydowns Temporary interest rate buydowns are not permitted with refinance transactions. iv. Upfront Mortgage Insurance Premium Refunds If the Borrower is refinancing their current FHA-insured Mortgage to another FHA- insured Mortgage within 3 years, a refund credit is applied to reduce the amount of the Upfront Mortgage Insurance Premium (UFMIP) paid on the refinanced Mortgage, according to the refund schedule shown in the table below: Upfront Mortgage Insurance Premium Refund Percentages Year Month of Year 1 2 3 4 5 6 7 8 9 10 11 12 1 80 78 76 74 72 70 68 66 64 62 60 58 2 56 54 52 50 48 46 44 42 40 38 36 34 3 32 30 28 26 24 22 20 18 16 14 12 10 v. Cash-Out Refinances (A) Borrower Eligibility Nonprofit agencies, state and local government agencies and Instrumentalities of Government are not eligible for cash-out refinances. Income from a non-occupant co- Borrower may not be used to qualify for a cash-out refinance. If the subject Property is a one-unit with an Accessory Dwelling Unit (ADU), rental income from the ADU cannot be used as Effective Income to qualify for a cash-out refinance. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 441 Last Revised: 11/26/2025 Mortgagees must apply this requirement for both Mortgages underwritten through TOTAL Scorecard and manual underwriting. (1) Occupancy Requirements (a) Standard Cash-out refinance transactions are only permitted on owner-occupied Principal Residences. The Property securing the cash-out refinance must have been owned and occupied by at least one Borrower as their Principal Residence for the 12 months prior to the date of case number assignment. If the Property is a Manufactured Home, it must have been permanently installed on a site for more than 12 months prior to case number assignment. Exception In the case of inheritance, a Borrower is not required to occupy the Property for a minimum period of time before applying for a cash-out refinance, provided the Borrower has not treated the subject Property as an Investment Property at any point since inheritance of the Property. If the Borrower rents the Property following inheritance, the Borrower is not eligible for cash-out refinance until the Borrower has occupied the Property as a Principal Residence for at least 12 months. (b) Required Documentation The Mortgagee must review the Borrower's employment documentation or obtain utility bills to evidence the Borrower has occupied the subject Property as their Principal Residence for the 12 months prior to case number assignment.

(2) Payment History Requirements (a) Standard For both Mortgages underwritten through TOTAL Scorecard and manually underwritten Mortgages, the Mortgagee must document that the Borrower has made all payments for all their Mortgages within the month due for the previous 12 months or since the Borrower obtained the Mortgages, whichever is less. Additionally, the payments for all Mortgages secured by the subject Property must have been paid within the month due for the month prior to mortgage Disbursement.

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- completed the Forbearance Plan on the subject Property; and
- made at least 12 consecutive Mortgage Payments within the month due on the Mortgage since completing the Forbearance Plan.

(b) Required Documentation If the Mortgage on the subject Property is not reported in the Borrower's credit report or is not in the name of the Borrower, the Mortgagee must obtain a verification of Mortgage, bank statements or other documentation to evidence that all payments have been made by the Borrower in the month due for the previous 12 months. Where a Mortgage reflects payments under a modification or Forbearance Plan within the 12 months prior to case number assignment, the Mortgagee must obtain:

- a copy of the modification or Forbearance Plan; and
- evidence of the payment amount and date of payments during the forbearance term.

A Forbearance Plan is not required if the forbearance was due to the impacts of the COVID-19 National Emergency.

(B) Maximum Mortgage Amounts (1) Standard (a) Maximum Loan-to-Value The maximum LTV is 80 percent of the Adjusted Value. (b) Maximum Combined Loan-to-Value The maximum CLTV is 80 percent of the Adjusted Value. (c) Nationwide Mortgage Limit The combined mortgage amount of the first Mortgage and any subordinate liens cannot exceed the Nationwide Mortgage Limit described in National Housing Act's Statutory Limits.

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(2) Required Documentation The Mortgagee must obtain the payoff statement for all existing Mortgages.

vi. No Cash-Out Refinances (A) Rate and Term (1) Borrower Eligibility (a) Occupancy Requirements (i) Standard Rate and Term refinance transactions are only permitted on owner-occupied Principal Residences and HUD-approved Secondary Residences. (ii) Required Documentation The Mortgagee must review the Borrower's employment documentation or obtain utility bills to evidence the Borrower currently occupies the Property and determine the length of time the Borrower has occupied the subject Property as their Principal Residence. (b) Payment History Requirements (Manually Underwritten) (i) Standard For all mortgages on all properties with less than six months of Mortgage Payment history, the Borrower must have made all payments within the month due. For all mortgages on all properties with greater than six months history, the Borrower must have made all Mortgage Payments within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months for all mortgages. A Borrower who was granted mortgage payment forbearance must have:

- completed the Forbearance Plan on the subject Property; and
- made at least three consecutive Mortgage

Payments within the month due on the Mortgage since completing the Forbearance Plan. The Borrower must have made the payments for all Mortgages secured by the subject Property for the month prior to Mortgage Disbursement.

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(ii) Required Documentation If the Mortgage on the subject Property is not reported in the Borrower's credit report or is not in the name of the Borrower, the Mortgagee must obtain a verification of Mortgage, bank statements, or other documentation to evidence that all payments have been made by the Borrower in the month due for the previous 12 months. Where a mortgage reflects payments under a modification or Forbearance Plan within the 12 months prior to case number assignment, the Mortgagee must obtain:

- a copy of the modification or Forbearance Plan; and
- evidence of the payment amount and dates of payments during the forbearance term.

A Forbearance Plan is not required if the forbearance was due to the impacts of the COVID-19 National Emergency.

(2) Maximum Mortgage Amount

(a) Maximum Loan-to-Value Ratio The maximum LTV for a Rate and Term refinance is:

- 97.75 percent for Principal Residences that have been owner-occupied for the previous 12 months, or owner-occupied since acquisition if acquired within 12 months, at case number assignment;
- 85 percent for a Borrower who has occupied the subject Property as their Principal Residence for fewer than 12 months prior to the case number assignment date; or if owned less than 12 months, has not occupied the Property for that entire period of ownership; or
- 85 percent for all HUD-approved Secondary Residences.

(b) Calculating Maximum Mortgage Amount

(i) Standard The maximum mortgage amount for a Rate and Term refinance is:

- the lesser of:
 - o the Nationwide Mortgage Limit;
 - o the maximum LTV based on the Maximum LTV Ratio from above; or
 - o the sum of existing debt and costs associated with the transaction as follows:
- existing debt includes:
 - the unpaid principal balance of the first Mortgage as of the month prior to mortgage Disbursement;

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- the unpaid principal balance of any purchase money junior Mortgage as of the month prior to mortgage Disbursement;
- the unpaid principal balance of any junior liens over 12 months old as of the date of mortgage Disbursement. If the balance or any portion of an equity line of credit in excess of \$1,000 was advanced within the past 12 months and was for purposes other than repairs and rehabilitation of the Property, that portion above and beyond \$1,000 of the line of credit is not eligible for inclusion in the new Mortgage;
- ex-spouse or co-Borrower equity, as described in "Refinancing to Buy Out Title-Holder Equity" below;
- interest due on the existing Mortgage(s);
- the unpaid principal balance of any unpaid PACE obligation;
- Mortgage Insurance Premium (MIP) due on existing Mortgage;
- any prepayment penalties assessed;
- late charges; and
- escrow shortages;

allowed costs include all Borrower-paid costs associated with the new Mortgage; and

- any Borrower-paid repairs required by the appraisal;
- less any refund of the Upfront Mortgage Insurance Premium (UFMIP).

Short Payoffs The Mortgagee may approve a Rate and Term refinance where the maximum mortgage amount is insufficient to extinguish the existing mortgage debt, provided the existing Note holder writes off the amount of the indebtedness that cannot be refinanced into the new FHA-insured Mortgage.

Refinancing to Buy Out Title-Holder

Equity When the purpose of the new Mortgage is to refinance an existing Mortgage to buy out an existing title holder's equity, the specified equity to be paid is considered property-related indebtedness and eligible to be included in the new mortgage calculation. The Mortgagee must obtain the divorce decree, settlement agreement, or other legally enforceable equity agreement to document the equity awarded to the title holder.

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Refinancing to Pay off Recorded Land Contracts When the purpose of the new Mortgage is to pay off an outstanding recorded land contract, the unpaid principal balance will be deemed to be the outstanding balance on the recorded land contract.

Use of Estimates in Calculating Maximum Mortgage Amount The Mortgagee may utilize estimates of existing debts and costs in calculating the maximum mortgage amount to the extent that the actual debts and costs do not result in the Borrower receiving greater than \$500 cash back at mortgage Disbursement. Cash to the Borrower resulting from the refund of Borrowers' unused escrow balance from the previous Mortgage must not be considered in the \$500 cash back limit whether received at or subsequent to mortgage Disbursement.

Excess Cash Back When the estimated costs utilized in calculating the maximum mortgage amount result in greater than \$500 cash back to the Borrower at mortgage Disbursement, Mortgagees may reduce the Borrower's principal balance on the subject loan to satisfy the \$500 cash back requirement. The Mortgagee must submit the Mortgage for endorsement at the reduced principal amount.

(ii) Required Documentation The Mortgagee must obtain the payoff statement on all existing Mortgages.

(c) Maximum Combined Loan-to-Value Ratio The maximum CLTV ratio for a Rate and Term refinance is 97.75 percent. For open-end line of credit, the Mortgagee must utilize the maximum accessible credit limit of the subordinate lien to calculate the CLTV ratio.

(3) Refinance of HOPE for Homeowners Mortgages If the Mortgage being refinanced is a HOPE for Homeowners Mortgage, the Mortgagee must refer to the requirements in the HOPE for Homeowners servicing section.

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(B) Simple Refinance

(1) Borrower Eligibility

(a) Occupancy Requirements

(i) Standard Simple Refinance is only permissible for owner-occupied Principal or HUD-approved Secondary Residences.

(ii) Required Documentation The Mortgagee must review the Borrower's employment documentation or obtain utility bills to evidence the Borrower currently occupies the Property as their Principal Residence. The Mortgagee must obtain evidence that the Secondary Residence has been approved by FHA.

(b) Payment History Requirements (Manually Underwritten)

(i) Standard For all mortgages on all properties with less than six months of Mortgage Payment history, the Borrower must have made all payments within the month due. For all mortgages on all properties with greater than six months history, the Borrower must have made all Mortgage Payments within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months for all mortgages. A Borrower who was granted mortgage payment forbearance must have:

- completed the Forbearance Plan on the subject Property; and
- made at least three consecutive Mortgage Payments within the month due on the Mortgage since completing the Forbearance Plan. The

Borrower must have made the payments for all Mortgages secured by the subject Property for the month prior to Mortgage Disbursement. (ii) Required Documentation If the Mortgage on the subject Property is not reported in the Borrower's credit report or is not in the name of the Borrower, the Mortgagee must obtain a verification of Mortgage, bank statements, or other documentation to evidence that all payments have been made by the Borrower in the month due for the previous 12 months. Where a Mortgage reflects payments under a modification or Forbearance Plan within the 12 months prior to case number assignment, the Mortgagee must obtain:

- a copy of the modification or Forbearance Plan; and
- evidence of the payment amount and date of payments during the forbearance term. A Forbearance Plan is not required if the forbearance was due to the impacts of the COVID-19 National Emergency.

(2) Maximum Mortgage Amount (a) Maximum Loan-to-Value The maximum LTV ratio for a Simple Refinance is:

- 97.75 percent for Principal Residences; and
- 85 percent for HUD-approved Secondary Residences.

(b) Maximum Combination Loan-to-Value The maximum CLTV for a Simple Refinance is:

- 97.75 percent for Principal Residences; and
- 85 percent for HUD-approved Secondary Residences.

(3) Calculating Maximum Mortgage Amount for Simple Refinance Transactions (a) Standard The maximum mortgage amount for a Simple Refinance is:

- the lesser of:
 - o the Nationwide Mortgage Limit;
 - o the maximum LTV ratio from above; or
 - o the sum of existing debt and costs associated with the transaction as follows:
- existing debt includes:
 - unpaid principal balance of the FHA-insured first Mortgage as of the month prior to mortgage Disbursement;
 - interest due on the existing Mortgage;
 - the unpaid principal balance of any PACE obligation;
 - MIP due on existing Mortgage;
 - late charges; and

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- escrow shortages;
- allowed costs include all Borrower-paid costs associated with the new Mortgage; and
- Borrower-paid repairs required by the appraisal;
- less any refund of UFMIP.

(b) Use of Estimates in Calculating Maximum Mortgage Amount The Mortgagee may utilize estimates of existing debts and costs in calculating the maximum mortgage amount to the extent that the actual debts and costs do not result in the Borrower receiving greater than \$500 cash back at mortgage Disbursement. Cash to the Borrower resulting from the refund of Borrower's unused escrow balance from the previous Mortgage must not be considered in the \$500 cash back limit whether received at or subsequent to mortgage Disbursement. (c) Excess Cash Back When the estimated costs utilized in calculating the maximum mortgage amount resulted in greater than \$500 cash back to the Borrower at mortgage Disbursement, Mortgagees may reduce the Borrower's principal balance on the subject loan to satisfy the \$500 cash back requirement. (d) Required Documentation The Mortgagee must obtain the payoff statement for the existing Mortgage being refinanced. (4) Upfront and Annual Mortgage Insurance Premium See Appendix 1.0 – Mortgage Insurance Premiums for assessing upfront and annual MIP. (C) Streamline Refinances Streamline Refinance may be used when the proceeds of the Mortgage are used to extinguish an existing FHA-insured first mortgage lien. Mortgagees must manually underwrite all Streamline Refinances in accordance with the guidance provided in this section.

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POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 450 Last Revised: 11/26/2025

(1) Streamline Refinance Exemptions (a) Non-credit Qualifying Exemptions Unless otherwise stated in this section, the following sections of Origination through Post-closing/Endorsement do not apply to non-credit qualifying Streamline Refinances: • Ordering Appraisal • Transferring Existing Appraisal • Ordering Second Appraisal • Ordering an Update to an Appraisal • Borrower Minimum Decision Credit Score • Borrower and Co-Borrower Ownership and Obligation Requirements • Co-signer Requirements • Principal Residence in the United States • Military Personnel Eligibility • Borrower Ineligibility Due to Delinquent Federal Non-Tax Debt • Delinquent Federal Tax Debt • Property Eligibility and Acceptability Criteria • National Housing Act's Statutory Limits • Nationwide Mortgage Limits • LTV Limitations Based on Borrower's Credit Score • Underwriting the Property • Underwriting the Borrower Using the TOTAL Mortgage Scorecard • Credit Requirements (Manual) • Income Requirements (Manual) • Asset Requirements (Manual) • Underwriting of Credit and Debt (Manual) • Underwriting of Income (Manual) • Underwriting of Assets (Manual) • Calculating Qualifying Ratios (Manual) • Approvable Ratio Requirements (Manual) • Documenting Acceptable Compensating Factors (Manual) (b) Credit Qualifying Exemptions The following sections of Origination through Post-closing/Endorsement do not apply to credit qualifying Streamline Refinances: • Ordering Appraisal • Transferring Existing Appraisal • Ordering Second Appraisal • Ordering an Update to an Appraisal • Borrower Ineligibility Due to Delinquent Federal Non-Tax Debt • Delinquent Federal Tax Debt

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(2) Borrower Eligibility (a) Occupancy Requirements (i) Standard Streamline Refinances may be used for Principal Residences, HUD- approved Secondary Residences, or non-owner occupied Properties. (ii) Required Documentation The Mortgagee must review one of the following to evidence that the Borrower currently occupies the Property as their Principal Residence: • Borrower's employment documentation; • utility bills; or • direct electronic verification by a Third Party Verification (TPV) vendor verifying the Borrower's address is the same as that of the subject Property. The Mortgagee must obtain evidence that the Secondary Residence has been approved by FHA. The Mortgagee must process the Streamline Refinance as a non-owner occupied Property if the Mortgagee cannot obtain evidence that the Borrower occupies the Property either as a Principal or Secondary Residence. (b) Payment History Requirements (i) Standard Non-credit Qualifying The Borrower must have made all Mortgage Payments for all Mortgages on the subject Property within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months for all Mortgages on the subject Property. The Borrower must have made the payments for all Mortgages secured by the subject Property within the month due for the month prior to mortgage Disbursement.

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11/26/2025 A Borrower who was granted mortgage payment forbearance on the subject Property is eligible for a non-credit qualifying Streamline Refinance and considered to have acceptable Mortgage Payment history provided that, at the time of case number assignment, the Borrower has: • completed the Forbearance Plan on the subject Property; and • made at least three consecutive monthly Mortgage Payments within the month due on the Mortgage since completing the Forbearance Plan. Credit Qualifying For all mortgages on all properties with less than six months of Mortgage Payment history, the Borrower must have made all payments within the month due. For all mortgages on all properties with greater than six months of Mortgage Payment history, the Borrower must have made all Mortgage Payments within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months. The Borrower must have made the payments for all Mortgages secured by the subject Property within the month due for the month prior to mortgage Disbursement. A Borrower who is still in mortgage payment forbearance at the time of case number assignment, or has made less than three consecutive monthly Mortgage Payments within the month due since completing the Forbearance Plan, is eligible for a credit qualifying Streamline Refinance provided the Borrower: • made all Mortgage Payments within the month due for the six months prior to forbearance; and • had no more than one 30-Day late payment for the previous six months. (ii) Required Documentation If the Mortgage on the subject Property is not reported in the Borrower's credit report or is not in the name of the Borrower, the Mortgagee must obtain a verification of Mortgage, bank statements, or other documentation to evidence that all payments have been made by the Borrower in the month due for the previous 12 months. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 453 Last Revised: 11/26/2025 Where a Mortgage reflects payments under a modification or Forbearance Plan within the 12 months prior to case number assignment, the Mortgagee must obtain: • a copy of the Modification or Forbearance Plan; and • evidence of the payment amount and date of payments during the agreement term. Documentation of a Forbearance Plan is not required if the forbearance was due to the impacts of the COVID-19 National Emergency. (3) Non-owner Occupied Properties and HUD-Approved Secondary Residences Non-owner occupied Properties and HUD-approved Secondary Residences are only eligible for Streamline Refinancing into a fixed rate Mortgage. (4) General Information Applicable to All Streamline Refinances (a) Mortgage Seasoning Requirements On the date of the FHA case number assignment: • the Borrower must have made at least six payments on the FHA- insured Mortgage that is being refinanced (where the FHA-insured Mortgage has been modified, the Borrower must have made at least six payments under the modification agreement); • at least six full months must have passed since the first payment due date of the Mortgage that is being refinanced; • at least 210 Days must have passed from the Closing Date of the Mortgage that is being refinanced; and • if the Borrower assumed the Mortgage that is being refinanced, they must have made six payments since the time of assumption. (b) Use of TOTAL Mortgage Scorecard on Streamline Refinances The Mortgagee must manually underwrite all Streamline Refinances. The Mortgagee may score the Mortgage through TOTAL Mortgage Scorecard but the findings are invalid. (c) Net Tangible Benefit of Streamline Refinances (i) Definitions A Net Tangible Benefit is a reduced Combined Rate, a change from an ARM to a fixed rate

Mortgage, and/or a reduced term that results in a financial benefit to the Borrower. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 454 Last Revised: 11/26/2025 Combined Rate refers to the interest rate on the Mortgage plus the Mortgage Insurance Premium (MIP) rate. Reduction in Term refers to the reduction of the remaining amortization period of the existing Mortgage. (ii) Standard for Refinances without a Term Reduction or with a Term Reduction of Less Than Three Years The Mortgagee must determine that there is a net tangible benefit to the Borrower meeting the standards in the chart below for all Streamline Refinance transactions without a reduction in term or with a reduction in term of less than three years. To From Fixed Rate New Combined Rate One-Year ARM New Combined Rate Hybrid ARM New Combined Rate 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. (iii) Standard for Refinances with a Term Reduction of Three Years or More The Mortgagee must determine that there is a net tangible benefit to the Borrower meeting the standards in the chart below for all Streamline Refinance transactions with a reduction in term of three years or more. 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. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 455 Last Revised: 11/26/2025 To From Fixed Rate New Combined Rate One-Year ARM New Combined Rate Hybrid ARM New Combined Rate 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 (d) HUD Employee Mortgage For non-credit qualifying Streamline Refinances only, any HUD employee may have their Mortgage underwritten and approved/denied by the Mortgagee. (e) Reviewing Limited Denial Participation and SAM Exclusion Lists The Mortgagee must check the HUD Limited Denial of Participation (LDP) List to confirm the Borrower's eligibility to participate in an FHA-insured mortgage transaction. The Mortgagee must check the System for Award Management (SAM) and must follow appropriate procedures defined by that system to confirm eligibility for participation. (f) Borrower Additions to Title Individuals may be added to the title and Mortgage on a non-credit qualifying Streamline Refinance without a creditworthiness review. (g) Borrower Credit Reports FHA does not require a credit report on the non-credit qualifying Streamline Refinance. The Mortgagee must obtain a credit report for the credit qualifying Streamline Refinance. If the Mortgagee obtains a credit score, the Mortgagee must enter it into FHAC. If more than one credit score is obtained, the Mortgagee must

enter all available credit scores into FHAC. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 456 Last Revised: 11/26/2025 (h) Funds to Close If the funds to close exceed the total Mortgage Payment of the new Mortgage, the Mortgagee must verify the full amount of the Borrower's funds to close in accordance with Sources of Funds. Additionally, the Mortgagee may provide an unsecured interest-free loan to establish a new escrow account in an amount not to exceed the present escrow balance on the existing Mortgage. (i) Maximum Mortgage Amortization Period The maximum amortization period of a Streamline Refinance is limited to the lesser of: • the remaining amortization period of the existing Mortgage plus 12 years; or • 30 years. (j) Maximum Mortgage Calculation for Streamline Refinances (i) Standard For owner-occupied Principal Residences and HUD-approved Secondary Residences, the maximum Base Loan Amount for Streamline Refinances is: • the lesser of: o the outstanding principal balance of the existing Mortgage as of the month prior to mortgage Disbursement; plus: • interest due on the existing Mortgage; • Late Charges; • escrow shortages; and • MIP due on existing Mortgage; or o the original principal balance of the existing Mortgage (including financed UFMIP); • less any refund of UFMIP. For Investment Properties, the maximum Base Loan Amount for Streamline Refinances is: • the lesser of: o the outstanding principal balance of the existing Mortgage as of the month prior to mortgage Disbursement; or o the original principal balance of the existing Mortgage (including financed UFMIP); • less any refund of UFMIP. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 457 Last Revised: 11/26/2025 Use of Estimates in Calculating Maximum Mortgage Amount The Mortgagee may utilize estimates in calculating the maximum mortgage amount to the extent that the total mortgage amount does not result in the Borrower receiving greater than \$500 cash back at mortgage Disbursement. Cash to the Borrower resulting from the refund of Borrowers unused escrow balance from the previous Mortgage must not be considered in the \$500 cash back limit whether received at or subsequent to mortgage Disbursement. Excess Cash Back When the estimates utilized in calculating the maximum mortgage amount resulted in greater than \$500 cash back to the Borrower at mortgage Disbursement, Mortgagees may reduce the Borrower's principal balance on the subject loan to satisfy the \$500 cash back requirement. (ii) Required Documentation The Mortgagee must obtain the payoff statement on the existing Mortgage. (k) Maximum Combination Loan-to-Value Ratio and Subordinate Financing Existing subordinate financing, in place at the time of case number assignment, must be resubordinated to the Streamline Refinance. New subordinate financing is permitted only where the proceeds of the subordinate financing are used to: • reduce the principal amount of the existing FHA-insured Mortgage; or • finance the origination fees, other closing costs, prepaid items, or Discount Points associated with the refinance. There is no maximum CLTV. Mortgagees must contact the National Servicing Center for processing of any HUD-held lien subordination. (l) Appraisal and Inspection Requirements on Streamline Refinances Appraisals are not required on Streamline Refinances. The receipt or possession of an appraisal by the Mortgagee does not affect the eligibility or maximum mortgage amount on Streamline Refinances. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs

and Products - Refinances (05/25/2025) Handbook 4000.1 458 Last Revised: 11/26/2025

(m) Assessing Upfront and Annual MIP See Appendix 1.0 – Mortgage Insurance Premiums for assessing upfront and annual MIP. For the purpose of calculating the MIP, FHA uses the original value of the Property to calculate the LTV. (n) HOPE for Homeowners Mortgages HOPE for Homeowners Mortgages may not be refinanced using the FHA streamline process. (5) Streamline Refinance Non-credit Qualifying (a) Borrower Eligibility A Borrower is eligible for a Streamline Refinance without credit qualification if all Borrowers on the existing Mortgage remain as Borrowers on the new Mortgage. Mortgages that have been assumed are eligible provided the previous Borrower was released from liability. Exception A Borrower on the Mortgage to be paid may be removed from title and new Mortgage in cases of divorce, legal separation or death when: • the divorce decree or legal separation agreement awarded the Property and responsibility for payment to the remaining Borrower, if applicable; and • the remaining Borrower can demonstrate that they have made the Mortgage Payments for a minimum of six months prior to case number assignment. (b) Special Documentation and Procedures for Non-credit Qualifying Streamline Refinances Mortgagees may use an abbreviated Fannie Mae Form 1003/Freddie Mac Form 65, Uniform Residential Loan Application (URLA) on non-credit qualifying Streamline Refinances only. For non-credit qualifying Streamline Refinances, Mortgagees are not required to complete Sections 1b-1e, 2, 3, or 5, with the exception of 5a.A (Occupancy), which must be answered. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - Refinances (05/25/2025) Handbook 4000.1 459 Last Revised: 11/26/2025 (6) Streamline Refinance Credit Qualifying (a) Borrower Eligibility At least one Borrower from the existing Mortgage must remain as a Borrower on the new Mortgage. (b) Credit Underwriting In addition to the requirements in this section, credit qualifying Streamline Refinances must meet all requirements of manual underwriting, except for any requirements for Appraisals or LTV Calculations. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages 8. Programs and Products - RESERVED FOR FUTURE USE Handbook 4000.1 460 Last Revised: 11/26/2025 e. RESERVED FOR FUTURE USE RESERVED FOR FUTURE USE Previous content from this section is deleted and this section is reserved for future use. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT A. Title II Insured Housing Programs Forward Mortgages