



Committed to the future of rural communities.

Streamline Assist Refinance Product

DISCLAIMER

USDA has provided VERY LITTLE information as to their **exact** documentation requirements on this new product. Therefore, we've done our best to think of questions and obtain answers up front to include in this presentation.

We will address questions as they arise and will continue adding to the USDA Streamline Assist Product FAQs as we continue learning more about documentation requirements and expectations.

PRODUCT OVERVIEW

This new program **replaces** the former Rural Refinance Pilot Program that was only eligible for a certain list of states.

However, this product is offered nationally with no area restrictions.

USDA also **continues to offer** the regular streamline refinance and standard rate/term GRH refinance.

The streamlined-assist refinance differs from traditional refinance options in that there is no requirement for an appraisal, or for the calculation of debt-to-income ratios, **as long as** the borrower is of low or moderate income and has been current on their first mortgage for the previous twelve months and will save a minimum \$50 in total monthly payment on the new refinance.

PRODUCT OVERVIEW

What are the main differences between the USDA Streamline Assist product and the other refinance products offered for USDA loans?

- Calculation of max loan amount
- Mortgage paid as agreed 12 months prior to loan request to USDA versus 180 days with the standard and streamline products.
- Manual underwriting only
- No DTI calculation required
- No LTV calculation required
- Cannot remove borrowers from loan; even in the event of death or divorce

RETAIL RESOURCES

- [Retail USDA Streamline Assist Product Matrix](#)
- [USDA Refinance Comparison Job Aid](#)
- **USDA announcements on Streamline Assist Refinance Program**
 - [USDA Final Rule Publication](#)
 - [USDA Final Rule Publication Reminder](#)

WHOLESALE RESOURCES

- [Wholesale USDA Streamline Assist Product Matrix](#)
- [USDA Refinance Comparison Job Aid](#)
- **USDA announcements on Streamline Assist Refinance Program**
 - [USDA Final Rule Publication](#)
 - [USDA Final Rule Publication Reminder](#)

INELIGIBLE CHARACTERISTICS

- ARMS
- Cooperatives
- Interest Rate Buydowns
- Investment Property
- Lender Take One
- Manufactured housing
- Mixed-Use Property
- New Construction to Permanent Loans- One time Close
- Non Warrantable Condos
- On Frame Modular
- Pay off of Direct Loans
- Prepayment Penalties
- Rehabilitation Loans
- Rural Energy Plus Loans
- Second Homes
- Temporary Buydowns

BASIC REFI REQUIREMENTS

- 12 months minimum seasoning/payment requirement from current loan to new loan request.
- Must pay off a guaranteed loan, not a direct loan
- \$50 or greater reduction to total monthly mortgage payment (PITI + guarantee fee)
- Maximum loan amount = Principal & Interest + Closing costs + Funds to establish tax and insurance escrow + financed up-front guarantee fee
- Property does not have to be currently rural eligible
- No appraisal or valuation required
- LTV/CLTV not applicable.
- Secondary liens must be re-subordinated
- Mortgage only credit report with credit scores
- 620 minimum score

AMORTIZATION TERM/PRODUCT CODES

Eligible: 30 year fixed rate term; fully amortizing. Odd terms not eligible.

Ineligible: Fixed Terms Less than 30 Years, Adjustable Rate (ARMs)

- **Retail Product Code:**
 - USDA FIX 30 Streamline Assist – Ginnie Mae
- **Wholesale Product Codes:**
 - USDA FIX 30 Streamline Assist – Wholesale
 - USDA FIX 30 Streamline Assist – Correspondent

APPLICATION, DISCLOSURES

- Uniform Residential Loan Application (URLA).
- [Form RD 3555-21](#), “Request for Single Family Housing Loan Guarantee” – Signed by both the applicant and Fairway
- Required standard federal and state mortgage application disclosures
- Identity verification requirements apply just as for all loan types (Patriot Act)

Application documents and disclosures signed electronically by borrowers in compliance with the e-sign Act will be accepted for USDA loan applications and IRS 4506-T.

[SSA-89 forms](#) will continue to require wet signatures.

Under no circumstances will Fairway permit closing/ settlement documents to be electronically signed.

FAQ – APPLICATION, DISCLOSURES

What do I need to include on the 1003 for USDA Streamline Assist Loans?

Complete all fields of the 1003 the same way you would any other file. Bottom line, the differences for Streamline Assist are that DTI is disregarded and no appraisal is required.

APPRAISAL/PROPERTY

- Property does not have to be rural eligible for refinance
- No appraisal or valuation required
- Borrower(s) must occupy the property as primary residence
- Must pay off same property financed with existing GRH loan

FAQS - APPRAISAL/PROPERTY

What should I indicate in Encompass as the property value? List the previous appraised value from current loan. Some RD offices may permit to list the new loan amount as the appraised value, check your local office to see if this practice is permitted.

Do I need a flood cert? Yes. We must have a flood cert on every file in order to determine the flood zone status and flood insurance requirement as applicable.

Do I need a termite inspection? No.

ASSETS, FUNDS TO CLOSE, RESERVES

- **Funds to close**, when applicable, must be documented in accordance with [standard documentation](#) requirements.
- **Maximum Cash at Closing:** Borrowers may be reimbursed at closing for payments they made up front for costs that are part of the transaction (i.e. application fee, credit report fee).

They may also receive nominal cash in hand that may result from miscalculations (there is no specific limit, but RD indicates within \$100 max is reasonable).

- **Reserves** are not required.

FAQS - ASSETS, FUNDS TO CLOSE, RESERVES

Can I cover the borrower's refinance costs with premium pricing? Yes.

Lender credits are permitted under standard guidelines.

Do I need to list assets on the 1003? Only when funds to close are required.

Do I need to verify assets? Only when funds to close are required. Funds to close, when applicable, must be documented in accordance with standard documentation requirements.

AUS & UNDERWRITING

- Loan **cannot** be submitted through GUS.
- Manual underwriting is required.
- All loans must be submitted to FIMC delegated underwriting.
- Once FIMC underwriter provides signed Transmittal Summary, Branch is responsible for submitting underwriting package to local USDA office to obtain the RD loan commitment to satisfy PTD condition.

Lenders must email the package to the appropriate State USDA office based on subject property address. In accordance with HB-1-3555, section 15.4, emailed information must be encrypted or protected to ensure personally identifiable information is secure.* Please reference the [Electronic Doc Delivery \(Non-GUS loans\)](#) for delivery information by state. The document can also be viewed at the [USDA LINC Training and Resource Library](#) under both the “Lender Loan Closing/Administration” and “Loan Origination” sections of the page. If you have any questions regarding these instructions, please contact the National Office Division at (202) 720-1452.

FAQS - AUS & UNDERWRITING

Is there a submission checklist provided for USDA Streamline Assist Loans? Yes, you may find the checklist [here](#). However, please note [Form RD 3555-21](#) is required to be completed and signed by both the applicant and Fairway for submission to RD.

How do I go about submitting USDA Streamline Assist Loans to Rural Housing? Lenders must email the package to the appropriate State USDA office based on subject property address. In accordance with HB-1-3555, section 15.4, emailed information must be encrypted or protected to ensure personally identifiable information is secure.* Please reference the [Electronic Doc Delivery \(Non-GUS loans\)](#) for delivery information by state.

BORROWERS & PARTICIPANTS

Borrowers **may be added**, but **may not be removed** from the current loan even due to death or divorce. If you have a loan situation where a borrower is being removed for any reason whatsoever, the loan isn't eligible for Streamline Assist and must instead be done under one of the other available USDA refinance products.

FAQS - BORROWERS & PARTICIPANTS

Do I need to check CAIVRS?
Yes

Do I need to check HUD's
Limited Denial of Participation
(LDP) List? No

Do I need to check SAMs for
excluded parties? Yes.

Should I run FraudGUARD on
these loans? Yes.

Form RD 3555-21 (Rev. 06-15) UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT RURAL HOUSING SERVICE Form Approved OMB No. 0575-0179

REQUEST FOR SINGLE FAMILY HOUSING LOAN GUARANTEE

| | |
|--|-----------------------------|
| Approved Lender: Fairway Independent Mortgage Corporation | Approved Lender Tax ID No.: |
| Contact: | Approved Lender E-Mail: |
| Phone Number: | Fax Number: |
| Third Party Originator (TPO): | TPO Tax ID No.: |

Please issue a Conditional Commitment for Single Family Housing Loan Guarantee in the following case:

| Applicant Information (Please complete, circle, or mark as appropriate) | Co-Applicant Information (Please complete, circle, or mark as appropriate) |
|--|--|
| Name: _____ | Name: _____ |
| SSN: _____ Date of Birth: _____ | SSN: _____ Date of Birth: _____ |
| U.S. Citizen: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | U.S. Citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Permanent Resident/Qualified Alien: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Permanent Resident/Qualified Alien: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No Disabled: <input type="checkbox"/> Yes <input type="checkbox"/> No | Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No Disabled: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Gender: <input checked="" type="checkbox"/> M <input type="checkbox"/> F | Gender: <input type="checkbox"/> M <input type="checkbox"/> F |
| First Time Homebuyer: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | First Time Homebuyer: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Ethnicity: (Check only One Box) <input type="checkbox"/> Hispanic <input checked="" type="checkbox"/> Not Hispanic or Latino | Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino |
| (Check as many boxes as applicable) Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander | Race: <input type="checkbox"/> Asian <input type="checkbox"/> White |
| Marital Status: <input checked="" type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried | Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried |
| The applicant <input type="checkbox"/> has <input type="checkbox"/> does not have a relationship with any current Rural Development employee. Explain: | The applicant <input type="checkbox"/> has <input type="checkbox"/> does not have a relationship with any current Rural Development employee. Explain: |
| Applicant's Credit Score: _____ No Score | Co-Applicant's Credit Score: _____ No Score |
| CAIVRS #: _____ | CAIVRS #: _____ |
| GSA/SAM Exclusion: <input type="checkbox"/> Yes <input type="checkbox"/> No (Check Yes if any party is excluded, otherwise check No) | Date GSA/SAM Checked: _____ |

Be sure to indicate CAIVRS & SAMs/EPLS checks here on the RD 3555-21 form

CREDIT HISTORY/REPORT/SCORES

- Existing mortgage must be seasoned 12 months
 - 12 months timely payment history required
 - Cannot pay ahead more than a typical month to meet seasoning requirements
 - Existing secondary financing must be subordinated to the new 1st lien.
 - Mortgage only credit report with scores is acceptable. No other credit tradelines or credit history need be disclosed or considered.
-
- **CBC:** [How to Request Mortgage Only Report w/ Scores](#) for Non-Credit Qualifying Products
 - **CIS:** [How to Request a Mortgage-Only Credit Report w/ scores](#) for Non-Credit Qualifying Products
 - **Credit Plus:** [How to Request a Mortgage-Only Credit Report w/scores](#) for Non-Credit Qualifying Products
 - **Factual Data:** [How to Request a Mortgage-Only Report w/scores](#) for Non-Credit Qualifying Products

FAQS - CREDIT HISTORY/REPORT/SCORES

What do I need to verify the current payment of the existing mortgage? A mortgage only credit report with scores is best practice.

How do I determine the 12 month minimum seasoning period - From what date to what date? Loan must have closed 12 months prior to loan request to USDA.

Does it matter if the borrower is currently in the process of bankruptcy or foreclosure on any other property? Best practice would be to obtain a mortgage only credit report. However, we have confirmed with RD if a complete report is provided information other than the mortgage history will be disregarded.

DTI, DEBTS & LIABILITIES

- 12 month minimum timely mortgage payment history on the subject mortgage is required.
- No calculation of DTI is required
- Secondary financing cannot be paid off with loan proceeds.
- Any existing secondary financing must subordinate to the new first lien.

FAQS - DTI, DEBTS & LIABILITIES

Do I need to include debts on the 1003? No. You only need to include the subject mortgage being paid off and any subordinate liens on the 1003 for the subject property.

However, keep in mind that you need to allow the credit report data to upload to the Borrower Summary Screen so that the credit scores and credit report reference number are indicated accurately there.

What if I ordered a full credit report before I determined I could use the Streamline Assist product for the borrower's refinance? Not a problem. Simply remove all debts from the 1003 except the subject mortgage being paid off and any subordinate liens. You can utilize the existing credit report or request all debts except the mortgage and scoring be removed from the report through the credit provider.

EMPLOYMENT & INCOME

Income must be documented & verified using [standard guidelines](#) and may not exceed current moderate income level established based on household size for the state and county where the property is located.

Use RD Moderate Income Limits: [USDA Income and Property Eligibility Site](#)

Calculation of qualifying income for DTI is not required.

Fairway will require VVOEs to validate source of income with which to repay the mortgage. If borrower receives income from a source other than employment, simply indicate the type of earning (Example- Retired, SSA, etc.). in the Employer section of the 1003 and verbal VOE is not required.

FAQS - EMPLOYMENT & INCOME

What minimum documentation do I need to verify the household income for USDA Streamline Assist Loans? Verification of applicant's current employment and income is required using standard guidelines. Documentation is used to ensure area income limits are met. Follow standard Fairway VVOE requirements.

How and where should I list the household income for USDA Streamline Assist Loans? Document calculations on [Form RD 3555-21](#) Worksheet (page 3 of 7).

Do I need to list income on the 1003? Yes, document the income as you would on any other file. DTI will be disregarded. The household income should be documented on the [Form RD 3555-21](#) worksheet (page 3 of 7).

FEES & CHARGES

Guarantee Fees

| | RD Commitments dated on & after 10/01/2016 | RD Commitments dated through 09/30/2016 |
|-------------------------------|--|---|
| Up-Front Guarantee Fee | 1.00% | 2.75% |
| Annual Guarantee Fee | 0.35% | 0.50% |

FAQS - FEES & CHARGES

Can I cover the borrower's refinance costs? Yes. Lender credit can be used to cover the borrower's closing costs/prepays.

ENCOMPASS DATA ENTRY

ENCOMPASS DATA FIELDS

Borrower Summary Screen:

Borrower can demonstrate a 12-month mortgage/rental history

Comments


| | | |
|--|--|---|
| Purpose of Loan <input checked="" type="checkbox"/> Purchase <input type="checkbox"/> Cash-Out Refi <input checked="" type="checkbox"/> No Cash-Out Refi <input type="checkbox"/> Construction <input type="checkbox"/> Construction - Perm <input type="checkbox"/> Other - <input type="text"/> | Property Will Be <input checked="" type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> Investment Gross Rnt <input type="text"/> Occup Rate <input type="text"/> % | |
| Loan Type <input type="checkbox"/> Conv <input type="checkbox"/> FHA <input type="checkbox"/> VA <input checked="" type="checkbox"/> USDA-RHS <input type="checkbox"/> Other - RHS <input type="text"/> <input type="checkbox"/> HELOC | Lien Position <input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="button" value="Sub. Financing"/> | Amortization Type <input checked="" type="checkbox"/> Fixed Rate <input type="checkbox"/> GPM - Rate <input type="text"/> % Years <input type="text"/> <input type="checkbox"/> ARM - <input type="text"/> <input type="checkbox"/> Other - <input type="text"/> Interest Only <input type="text"/> months <input type="checkbox"/> Qualify using P&I |

ENCOMPASS DATA FIELDS

Page 1 of 1003

Purpose of Refinance

- Cash-Out Debt Consolidation
- Cash-Out Home Improvement
- Cash-Out Limited
- Cash-Out Other
- Cash-Out With Original Lender
- No Cash-Out Rate/Term
- No Cash-Out Other
- No Cash-Out FHA Streamlined
- No Cash-Out Freddie Owned
- No Cash-Out Streamlined**
- No Cash-Out With Original Lender



TEST YOUR KNOWLEDGE

Let's see if you were paying attention!

MULTIPLE CHOICE QUESTIONS

- 1. The following terms are offered on the USDA Streamline Assist Product:**
 - A.30, 25, 20, 15 year fixed
 - B.30 year fixed and 5/1, 7/1, 10/1 ARM
 - C.All of the above
 - D.None of the above.

- 2. Maximum DTI on the USDA Streamline Assist is:**
 - A.39%
 - B.41%
 - C.43%
 - D.None of the above.

- 3. Minimum mortgage seasoning requirement on the USDA Streamline Assist is:**
 - A.3 months / 3 timely payments
 - B.6 months / 6 timely payments
 - C.12 months / 12 timely payments
 - D.There is no minimum seasoning requirement for the existing USDA mortgage.

MULTIPLE CHOICE QUESTIONS

4. **When comparing the borrower's current total monthly payment (PITI + guarantee fee) to the new refinance mortgage payment, the borrower must be lowering their total monthly payment (PITI + guarantee fee) by at least:**
- A.\$100
 - B.\$75
 - C.\$50
 - D.None of the above.

TRUE OR FALSE QUESTIONS

- 1. Maximum LTV on the USDA Streamline Assist is 100% + the financed Guarantee Fee.**
 - True.
 - False.
- 2. Borrowers can be added to the mortgage on the USDA Streamline Assist but cannot be removed even due to divorce or death.**
 - True.
 - False.
- 3. Streamline Assist loans can be submitted through GUS.**
 - True.
 - False.
- 4. It's acceptable to use the Streamline Assist Refinance product if the borrower no longer occupies the USDA-guaranteed home as a primary residence but now rents it out as investment property.**
 - True
 - False

TRUE OR FALSE QUESTIONS

5. **Maximum loan amount** = Principal & Interest + Closing costs + Funds to establish tax and insurance escrow + Upfront guarantee fee
- True
 - False

Who to Contact for Help

RETAIL HELPFUL CONTACTS

Product guideline questions:

- Creditpolicy@fairwaymc.com
- askunderwriting@fairwaymc.com
- producthelp@fairwaymc.com

Scenario Questions: askunderwriting@fairwaymc.com

Pricing/Rate Questions: lockdesk@fairwaymc.com

WHOLESALE HELPFUL CONTACTS

Product guideline questions:

ask@fairwaywholesalelending.com

Scenario Questions: ask@fairwaywholesalelending.com

Pricing/Rate Questions:

ratedesk@fairwaywholesalelending.com