



LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lt. Governor

February 12, 2015

Directive 2015-04

TO: **PARTICIPATING LENDERS**

SUBJECT: **FHA STREAMLINE REFINANCE PROGRAM**

The purpose of this Directive is to announce that the Community Development Administration (“CDA”) is updating and enhancing its existing FHA Streamline Refinance program (“FHA Streamline”) under the Maryland Mortgage Program (“MMP”). All MMP approved lenders can offer the program without signing up separately (which was required under the earlier pilot program). The updated program will open on Thursday, February 12, 2015 and will provide existing MMP borrowers with a fully amortizing, no cash-out FHA Streamline Refinance loan with a term of 30 years. The program is **open to any existing MMP borrower who has an FHA loan** and qualifies under the terms and conditions listed in the attached Fact Sheet and FHA Streamline Refinance guidelines. Highlights of the updated program are as follows:

- **Interest Rate**  
Two rates available: one with and one without a 2% Lender Credit (above par interest rate).
- **Minimum Credit Score** (this is a US Bank credit overlay)  
680
- **Mortgage Payment History, Verification of Assets to Close, Minimum Credit Score, Maryland HomeCredit**  
See attached fact sheet for each of these items.
- **CDA’s specific requirements** (eligibility requirement, not underwriting requirement):
  1. Income limit: \$116,900 Statewide. Borrower certifies this by completing Attachment E (**Income and Asset Certification for MMP Refinance Programs**). When lender reserves an FHA Streamline Refinance loan, income of all household members must be entered as \$0. Similarly, the purchase price has to be entered as \$0.
  2. Maximum Assets: May not exceed 20% of original purchase price. Borrower certifies this by completing Attachment E (**Income and Asset Certification for CDA’s FHA Streamline Program**).

**The borrower must complete the Income and Asset Certification for CDA’s FHA Streamline Program before the lender makes the loan reservation; lender must include it in the pre-closing compliance file that is submitted to CDA.**



- **Subordinate Lien**

- DPA/Partner Match Program loans may be subordinated and remain as a 0% interest deferred loan. The lender will complete **Attachment G (Subordination Authorization)** and the **Allonge-DPA Note** and include them in the Pre-Closing Compliance file that is submitted to CDA via eDocs. The Allonge-DPA Note document is included in the Pre-Closing Compliance section under "Select Loan Document Forms" drop-down box in Lender Online.

The CDA underwriter who reviews the Pre-Closing Compliance submission will print out the Allonge-DPA Note, have it signed by DHCD, and mail it back to the MMP lender. The lender will have the document executed by the borrower at closing.

**The original document has to be mailed to CDA (ATTN: Debra Conner) to be attached to the existing DPA Note that CDA holds.** The lender has to include a copy of the signed document in the Post-Closing

Compliance submission which will be sent for review to CDA and the Purchase submission which will be sent to US Bank per the usual post-closing review process.

- **Bond Series and Program Codes for the FHA Streamline Refinance Program**

- Without Lender Credit (All Lenders) 916-296
- With 2% Lender Credit (All Lenders) 916-293

- **Loan reservation**

To enable the MMP lender to reserve the new FHA Streamline refinanced loan under this program, the lender will send an email including the attached form to Ed Anthony at [edward.anthony@maryland.gov](mailto:edward.anthony@maryland.gov).

Please review the attached fact sheet for additional details on the program.

**NOTE:** Many of the loan package documents have been updated and uploaded on Lender Online. Please use the documents currently available on Lender Online for the FHA Streamline Refinance Program

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please contact one of the following: Vicki Jones at [vicki.jones@maryland.gov](mailto:vicki.jones@maryland.gov), Ed Anthony at [edward.anthony@maryland.gov](mailto:edward.anthony@maryland.gov), Pat Smith at [patriciaa.smith@maryland.gov](mailto:patriciaa.smith@maryland.gov) or Kafayat Abiola at [kafayat.abiola@maryland.gov](mailto:kafayat.abiola@maryland.gov)

Sincerely,

*Jacquelyn Mitchell*

Jacquelyn Mitchell, Operations Manager  
Single Family Housing

Attachments: Fact Sheet

- Attachment E (Income and Asset Certificate)
- Attachment G (Subordination Authorization)
- Allonge-DPA Note
- Attachment CC (Pre-Closing Compliance Checklist)
- Lender request for reservation

