

SECTION 7004 – STREAMLINE REFINANCE PROGRAM

.01 INTRODUCTION

The Streamline Refinance Program allows applicants to obtain new financing secured by property that is currently financed by AHFC (including previous DCRA/HAD or HAS loans now being serviced as Rural loans), except those loans listed below, without the requirement for an appraisal and credit search. The loans may be conventional, FHA, HUD, VA or RD, provided all applicable insurer/guarantor criteria are met. The original loan must have been made to an owner occupant and may have been a first lien or second lien; conforming or non-conforming, HOF subsidy (only if the existing loan is a HOF subsidized or HOAF loan) is available.

.02 ELIGIBLE BORROWERS

Alaska residents who have an existing AHFC mortgage loan.

.03 ELIGIBLE PROPERTIES

Single-family residences, duplexes, triplexes, fourplexes, condominium units, units in a Common Interest Community, Type I or Type II manufactured homes. Current Condo approval is not required.

.04 LOAN TERMS

A. Maximum Loan Amount

The loan amount (with the exception of certain HOF loans) is limited to the current unpaid principal balance (exclusive of any late fees, penalties, or legal fees assessed to the borrower) plus up to 30 days of unpaid interest on the existing loan, and up to \$5,000 for closing costs and reserves, **not to exceed the original loan amount unless the loan is federally insured or guaranteed by FHA, HUD, VA, or RD.** The FHA up-front MIP may be added to the loan in addition to the \$5,000 maximum allowable closing costs.

The borrower may not receive cash back other than for reimbursement of prepaid closing costs.

B. Term

15-year or 30-year

1. Conversion from 30-year to 15-year

An existing conventional 30-year loan may be refinanced as a 15-year loan with no additional documentation, provided the principal and

interest payment does not increase by more than 15% on the refinance. If the increase is more than 15%, the following is required.

- a. A three repository merged credit report (within 60 days)
 - b. Lender's Telephone Verification of Employment ([Form PRG-20](#))
 - c. A copy of the borrower's most recent pay stub
 - d. A copy of the most recent W-2 statement
2. FHA/HUD/VA/RD loans must meet respective criteria and may not exceed 30 years.
 3. Type II manufactured homes may be refinanced for seven years or the remaining term, whichever is greater.

C. Interest Rate

Rates are based on the program used for the streamline refinance. Rates are published daily and are available at: www.ahfc.us

- Only those loans currently financed as Tax-Exempt, Taxable First-Time Homebuyer or VMP are eligible for a Tax-Exempt, Taxable First-Time Homebuyer or VMP streamline refinance.
- An Interest Rate Buy-down may be applied to a streamline refinance as per [Section 1005.09.E](#). However, the discount fee for the buy-down may not be included in the financed closing costs.
- If the original loan was a VMP, but the veteran is now deceased, the Taxable Program must be used for the new streamline refinance.

.05 CRITERIA

A. Eligible Loans

1. The loan must be current at closing. Current means paid to within 45 days of the closing date.
2. Bankruptcy
 - a. If the borrower (debtor) filed bankruptcy and the bankruptcy has been closed, then the debtor is eligible for a Streamline Refinance.

- b. If the borrower (debtor) filed bankruptcy and the debtor has been discharged, but the bankruptcy has not been closed, then the debtor must provide a "Notice of Discharge" signed by the bankruptcy court and a "Notice of Abandonment" signed by the bankruptcy trustee.
- c. If the borrower filed bankruptcy and the bankruptcy is still active, then permission from the bankruptcy court is required.

B. Ineligible Loans

- 1. AHFC's "In-House escrows" including direct REO sales. However, on a case-by-case basis, AHFC will consider refinancing those direct REO sales that have a call/balloon provision. Borrowers may be required to establish reserves for taxes and insurance with the new Servicer if they choose to refinance from the existing "escrow collection." Contact AHFC's Mortgage Servicing Department for further details.

2. Non-Owner Occupied Loans

Any AHFC Urban or Rural Division (DCRA) loan made on a non-owner occupied basis including but not limited to:

- Rural Non-Owner Occupied Program (whether originated by AHFC or DCRA including loans originated as Owner Occupied and converted to Non-Owner Occupied; and
- Public Service Rental Program loans.

C. Limitations

- 1. **No cash back:** The borrower may not receive cash back at closing, except for actual, documented prepaid closing expenses.
- 2. **Loan Type:** The loan type of the streamline refinance must remain the same as the existing loan type. (i.e., VA must remain VA, FHA must remain FHA, conventional must remain conventional, etc.)
- 3. **HOF subsidy:** The amount of the HOF subsidy may not exceed the amount of HOF subsidy currently paid by AHFC. If the existing loan is not HOF subsidized, the new refinanced loan will not be HOF subsidized. If excess HOF subsidy exists or a Deed of Trust for excess subsidy exists, the HOF excess must be paid off or added to the principal balance of the new first Deed of Trust.

D. Lien Position

The streamline refinance loan must be in the same or higher priority lien position as the existing AHFC loan. All liens (except the first Deed of Trust, if the refinance is a second lien) must be subordinated or paid in full with the exception of property assessments (paving, water and sewer, etc.) being paid on an annual installment. These must be paid for the current year and the lender must include the appropriate monthly assessment in the reserve account. **First and second deeds of trust may be combined into one loan provided both are AHFC loans.**

E. Mortgage Insurance

If the existing loan currently requires MI, continuation or new coverage is required.

1. **Conventional** - Lenders may obtain new mortgage insurance coverage based on the LTV and PMI percentage shown on the AHFC Commitment Confirmation. For example, if the existing loan requires 30% PMI, a lender may obtain 30% continuing coverage, or new coverage at 12% or 25% if so indicated on the commitment confirmation.

However, if the LTV on the new streamline refinance is equal to or less than 80% (90% for Rural Program loans) of the original appraised value as reflected in AHFC records, mortgage insurance will not be required.

2. **FHA, HUD, VA, and RD** - If the existing loan is insured/guaranteed by FHA, HUD, VA, or RD, the streamline must also be insured/guaranteed. Follow the applicable agency requirements.

Note: If MI on the existing loan is already canceled, but is required for the streamline refinance, new MI must be obtained, or the loan amount reduced.

F. Closing Costs

The streamline refinance loan amount may be increased by up to \$5,000, to cover closing costs, reserves, and initial MI premium (if applicable), not to exceed the original loan amount unless federally insured/guaranteed by FHA/HUD or VA. The borrower may not receive cash back at closing, except for reimbursement of actual, documented prepaid closing expenses. The discount fee for an interest rate buy-down may not be included in the financed closing costs. Any discount fees associated with the buy-down must be paid in cash by the borrower.

G. Private Water and Wastewater Systems

Current inspections for private water and wastewater systems are not required. If public utilities are available, borrowers are not required to connect. If they choose to connect, the costs must be paid out of pocket.

H. As-Built Survey

An as-built survey is not required, unless necessary to obtain the ALTA title policy.

I. Addition of Borrowers

With the exception of Tax-Exempt and Taxable First-Time Home Buyer loans, additional borrowers may be added to the loan if they occupy the property as their primary residence. If an existing TEP or TFTHB borrower wishes to add a borrower, the streamline refinance must be a Taxable loan. An additional borrower does not have to be a spouse (except for VA or VMP loans). The lender must obtain a three repository merged credit report (within 120 days) on the additional borrower(s). In order to be added to the new loan, the report must reflect an acceptable credit history with no recent bankruptcy or foreclosure, no outstanding judgments and/or liens, etc. The lender must also ascertain the additional borrower does not have an existing AHFC loan and is not delinquent on child support obligations.

J. Deletion of Borrowers

Deletion of a borrower is not available without first obtaining a release of co-borrower on the existing loan prior to submitting the streamline refinance request. Refer to the [Servicing Guide Section 12000.10](#) for details on Release of Co-Mortgagor. The borrower retaining ownership (occupancy is not required) can be qualified for the release using the interest rate associated with the streamline refinance. Please check with AHFC underwriting if unsure of the rate. If the existing loan has been assumed without a release of liability for the original borrowers, then a release of liability must be obtained prior to the streamline refinance or all obligated parties must execute the streamline refinance loan documents. Qualification for a release of liability is determined by the Lender and must be approved by all insurers/guarantors as applicable.

1. When the same lender that services the existing loan is originating the streamline refinance, the lender may determine eligibility for release according to the [Servicing Guide Section 12000.10](#) and submit a completed Form ASM-26, Release of Mortgagor Certification to AHFC with the Loan Information/Review Worksheet (Form UND-3) for the streamline refinance. The streamline commitment is issued in the name of the remaining borrower with no conditions for further

documentation. If the [ASM-26](#) is not submitted with the [UND-3](#), the loan is conditioned for the [ASM-26](#) in the lender's file.

2. When the streamline refinance is being originated by a different lender, but one that also services AHFC loans, the lender originating the streamline refinance may determine eligibility for release according to [Servicing Guide Section 12000.10](#) and submit a completed [Form ASM-26](#), Release of Mortgagor Certification to AHFC with the Loan Information/Review Worksheet ([Form UND-3](#)) for the streamline refinance. The streamline commitment is issued in the name of the remaining borrower with no conditions for further documentation. If the [ASM-26](#) is not submitted with the [UND-3](#), the loan is conditioned for the [ASM-26](#) in the lender's file.
3. When a lender who does not service AHFC loans is originating the streamline refinance, the Servicer of the existing loan must complete the release of co-mortgagor. If evidence of release is not submitted with the [UND-3](#), the streamline refinance loan will be conditioned for [Form ASM-26](#), completed and signed by the current loan Servicer.

K. Title Transfers without AHFC Acknowledgment

If a transfer of title occurs without AHFC's knowledge, the party(ies) in title must follow the procedures outlined in [Section 7008](#) to assume the existing loan. The primary mortgage insurer or FHA/HUD/VA/RD must approve the assumption, as applicable. The assumption must be complete prior to closing the streamline refinance.

L. Transfer of Servicer

If a lender other than the current Servicer originates the streamline refinance, a copy of the as-built survey, if applicable, and appraisal may be maintained in the streamline refinance loan file, but it is not required by AHFC.

M. Other

1. A signed Uniform Residential Loan Application (FHLMC Form 65/A) must be fully completed by the borrowers including the section "Information for Government monitoring purposes." The application does not need to be typed if legible.
2. Current owner occupancy is not required; however, the loan must have been originally made or assumed by an owner occupant.
3. If AHFC allows the streamline refinance of a direct AHFC loan (in-house escrow or REO sale), the borrower must post reserves with the new

service and have all taxes and insurance collected in the monthly reserves.

4. A current Child Support Verification ([Form UND-22](#)) must be obtained to evidence the borrower(s) has no child support arrearage.
5. If a borrower has more than one property financed by AHFC, the streamline refinance may be applied to only one property.
6. If the original loan was a Tax-Exempt Loan that closed prior to December 30, 1990 and was not subject to recapture of subsidy, the streamline refinance will not trigger recapture. If the original Tax-Exempt Loan closed after December 30, 1990 and is subject to recapture, the streamline refinance will not eliminate recapture provisions, whether closed with the Taxable, Rural, or Tax-Exempt programs.
7. Interest rate reductions such as EEIRR, IRRLIB, RELP and State Veterans Preference are not available on a streamline refinance.

.06 PROGRAM DOCUMENTATION

In addition to the standard documentation outlined in [Section 8000](#) and [8001](#), the following is required.

A. Credit Documentation

1. AHFC Interest Rate Lock-In Contract
2. Loan Information/Review Worksheet ([Form UND-3](#)) signed by the lender's underwriter
3. Uniform Residential Loan Application (FHLMC Form 65/A) signed and dated by applicant(s) (Copies of both the initial and final application must be retained)
4. Child Support Verification ([Form UND-22](#))
5. If HOF/HOAF, copies of the last year's complete tax return signed and dated by the borrower(s) and copies of current year-to-date pay stubs for all borrowers
6. Current three repository merged credit report (within 60 days) on all borrower(s) being added to the loan

B. Closing Documentation

Executed Borrower Release Agreement ([Form ASM-24](#)), if applicable.