

FHA Streamline Refinance Program

Program Overview

- The FHA offers a streamline refinance program that requires less paperwork than a traditional mortgage refinance, making the process easier for you
- "Streamline refinance" refers only to the amount of documentation and underwriting that the lender must perform and does not mean that there are no costs involved in the transaction
- Lenders may offer streamline refinances in several ways
 - Some lenders offer "no cost" refinances (actually, no out-of-pocket expenses to the borrower) by charging a higher interest rate on the new loan than if the borrower financed or paid the closing costs in cash. The lender uses the higher interest rate to pay for any closing costs that are incurred on the transaction
 - The borrower may also pay for closing costs out of his or her pocket and achieve a lower interest rate
 - FHA does not allow lenders to include closing costs in the new mortgage amount of a streamline refinance

Program Eligibility

- The mortgage to be refinanced must be FHA insured
- The mortgage to be refinanced should be current (not delinquent)
- The refinance results in a lowering of the borrower's monthly principal and interest payments, or, under certain circumstances, the conversion of an adjustable rate mortgage (ARM) to a fixed rate mortgage
- No cash may be taken out on mortgages refinanced using the streamline refinance process
- If you are eligible for an FHA streamline refinance, you can refinance your mortgage through an FHA-approved lender, such as a bank, mortgage broker or credit union
- Contact your mortgage servicer (the company to which you make your mortgage payments) to determine if they offer FHA streamline refinancings
- Even if your mortgage servicer offers FHA streamlined refinancings you should contact multiple lenders that are FHA-approved before selecting a lender to refinance your mortgage
- Lender competition enables you to compare rates and costs to make sure that you achieve the best refinance terms