



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

May 27, 2010

MORTGAGEE LETTER 2010-19

TO: ALL APPROVED MORTGAGEES

SUBJECT: Streamline Refinance Transactions and FHA TOTAL Scorecard

Mortgagee Letter 2009-32 informed lenders that they should not use TOTAL on streamline refinance transactions, and that if they did so the loan must be underwritten and closed as a rate and term (no cash-out) refinance. However, FHA has determined that it is in its and the borrower's best interest to amend this guidance.

Effective immediately and regardless of when the case number was assigned, lenders may score streamline refinance transactions through TOTAL and process and underwrite the loan as a streamline refinance transaction. Lenders choosing to score streamline refinance transactions through TOTAL are not required to include documentation in the case binder to verify the values used. "Refer" risk classifications on streamline refinances do not require manual underwriting.

Lenders are reminded that for non-credit qualifying streamline refinances, they must certify that the borrower is employed and has income at the time of loan application [HUD Handbook 4155.1, paragraph 6.C.1.h]. For credit qualifying streamline refinances, lenders must verify and document in the case binder the borrower's income and credit report, compute debt-to-income ratios and determine the borrower will continue to make the mortgage payment [HUD Handbook 4155.1 paragraph 6.C.2.c].

If you have any questions regarding this Mortgagee Letter, please contact the FHA Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TTD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

David H. Stevens
Assistant Secretary for Housing-
Federal Housing Commissioner