



November 10, 2014

Elissa Saunders
Deputy Director, Office of Single Family Program Development
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

Re: Docket No. FR-5817-N-01, Solicitation of Comment on Streamline Refinance Provisions in the FHA Single Family Housing Policy Handbook

Dear Ms. Saunders:

The Mortgage Bankers Association (MBA)¹ appreciates the Department of Housing and Urban Development (HUD) seeking comment through this proposal (Proposal) on portions of the Streamline Refinance section of the new comprehensive Federal Housing Administration (FHA) Single-Family Housing Policy Handbook (Handbook) in order to ensure its accuracy and completeness.

Through review of this Proposal and the *Origination through Post-Closing/Endorsement Section* of the Handbook, MBA has developed the following list of issues with the Refinance section which we believe need to be clarified as lenders prepare their systems and staff for implementation.

- Payment History Requirements (b)(i) – The term “all Mortgage Payments” should be defined. Does it mean any payment by the borrowers on a first or subordinate lien on the subject property or does it extend to any real estate held by the borrower?
- Payment History Requirements (Manually Underwritten) (b)(i) – There is no longer a mention of the 214 day (or 6 month) repayment to get a case number assigned – does that mean there is no longer a 214 day waiting period for Simple Refinances?
- Payment History Requirements (b)(i)(4)(c)(i) – “Combined Rate” is a new term and should be clearly defined.
- Payment History Requirements (b)(i)(4)(c)(ii) – Under the net tangible benefit test one of the new factors is that “the payment does not increase by more than \$50.” How should lenders calculate the \$50 increase, is it just a simple comparison between the old and new payment or are there other factors?

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mba.org.

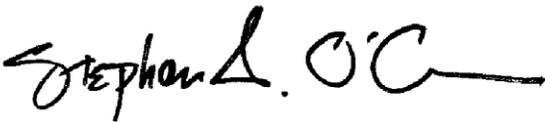
- Payment History Requirements (b)(i)(4)(h) – The term “unsecured interest-free mortgage” is confusing in this context. Instead of “mortgage” MBA suggests “short-term financing.”
- Maximum Mortgage Amount (2)(b) – Clarification is needed on \$500 cash back allowance. Currently FHA Connection does not have \$500 allowance built in for non-credit qualifying streamlines without an appraisal. When this information is entered on the insuring screens, FHA Connection will not allow a loan amount in excess of the exact amount of the current principal balance. Will HUD add coding on FHA Connection to accommodate the \$500 allowance?
- Borrower Eligibility (2)(j) – Please verify that in calculating the maximum Base Loan Amount for Streamline Refinances - the interest due and MIP due on the existing mortgage is not limited to one month.
- Please clarify that under the new Handbook guidelines, and per long-standing FHA policy, closing costs may not be included in the mortgage amount on a streamline refinance mortgage.
- The streamline refinance section does not include the verbiage from previous guidance regarding when a loan must be credit qualified. Please clarify if these requirements still apply.

Conclusion:

Again, MBA greatly appreciate HUD’s work to develop the Handbook and HUD’s efforts to seek input through this Proposal. MBA looks forward to working with HUD to successfully implement the new Handbook.

Should you have questions or wish to discuss any aspect of these comments further, please contact Joe Gormley, Associate Regulatory Counsel at (202) 557-2870 or jgormley@mba.org.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. O'Connor". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

Stephen A. O'Connor
Senior Vice President of Public Policy & Industry Relations
Mortgage Bankers Association