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The FHA “Streamline” refers only to amount of documentation and underwriting that needs to be performed by the broker, and does not mean that there are no costs involved in the transaction. The basic requirements of a streamline refinance are:

- The mortgage to be refinanced must already be FHA insured.
- The mortgage to be refinanced should be current (not delinquent)
- The refinance is to result in a lowering of the borrower’s monthly principal & interest payments
- No cash may be taken out of on mortgages refinanced using the streamline refinance process.

Brokers may offer streamline refinances in several ways.

*Some brokers offer “no cost” refinances (no out of pocket expenses to the borrower) by charging a higher rate of interest on the new loan than if the borrower financed or paid the closing costs in cash. From this premium, the broker pays any closing costs that are incurred on the transaction.

*Brokers may offer streamline refinances and include the closing costs into the new mortgage amount. This can only be done if there is sufficient equity in the property, as determined by an appraisal.

*Streamline refinances can also be done without appraisals; however, the new loan amount cannot exceed the original loan amount. Investment properties (properties in which the borrower does not reside in as his or her principle residence) may only be refinanced without an appraisal.