



## LINKS

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**February 3, 2012**

On Wednesday, February 1, President Obama announced a comprehensive package of administrative actions and legislative proposals to help homeowners, support middle class families and boost the economy. This [fact sheet provides further details](#).

As part of our continued efforts to provide all homeowners safe, decent and affordable housing, HUD and the Federal Housing Administration (FHA) are playing an integral role in the Obama Administration's efforts to allow responsible homeowners to save thousands of dollars by refinancing at today's low interest rates. One such tool is the FHA Streamline Refinance.

FHA Streamline Refinances allow borrowers with FHA-insured loans who are current on their mortgage to refinance into a new FHA-insured loan at today's low interest rates without requiring additional underwriting. However, it has become apparent that some of our lending partners are reluctant to offer this product widely because of concerns about taking on the risk of a loan which they may not have underwritten and the potential adverse impact such a loan may have on their FHA Compare Ratio.

In order to expand the availability of this product for eligible borrowers, FHA will make changes to the way in which FHA Streamline Refinance loans are displayed in the Neighborhood Watch Early Warning System (Neighborhood Watch). Streamline Refinances will be removed from the public compare ratio in Neighborhood Watch, but lenders will still be able to view their own traditional compare ratio (with streamlines included).

These changes to the ways in which compare ratios are derived and viewed will require changes to Neighborhood Watch that will take some time. As a result, in the interim period before those changes are complete, FHA will modify its execution of the Credit Watch Termination Initiative to correspond to the changes outlined above.

In the coming weeks, FHA will issue additional implementation guidance regarding this policy change and will make this information available at [www.hud.gov/FHA](http://www.hud.gov/FHA) as soon as it is available.

We hope that these changes will encourage you, our lending partners, to help responsible borrowers benefit from today's low interest rates by refinancing their FHA-insured mortgages. In so doing, together we can help create an economy that is built to last.

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