# Test Case DI-FHA02: One-Borrower FHA Fixed No Cash-Out (Prior FHA) Refinance Loan

The purpose of this test case is to show lenders how to collect information on the redesigned URLA forms and create an XML submission file to DU for an FHA no cash-out refinance of an existing FHA loan for a single borrower.

# Narrative for Data Integrity Suite Test Case DI-FHA02:

In this use case, a single URLA-Borrower form is used, along with the URLA-Lender form.

## Key Loan Characteristics

* FHA
* Fixed Rate
* 1 Unit - Detached
* Refinance – No Cash-Out of Prior FHA Loan
* Primary Residence
* Alice Firstimer
* Financed MI

## Other Data Elements Stressed in the Test Case

* FHA Section of the Act
* FHA Lender Identifier
* Mortgage Differential as Current Income Item
* Required data point *ULAD:PositiveRentalHistoryIndicator* = “false”

## Section 1: Borrower Information

Alice Firstimer became the owner of the family home at 9991 Warford, Dawson, Iowa several years ago when her parents decided to retire and move to Florida. Now she is ready to pay off the old FHA mortgage with a better deal through a new FHA refinance loan.

Alice has a good job at Abacab where she has worked for 2 years, but she is always looking for ways to save money. When she found out that an FHA refinance loan could save her nearly $275 per month, she jumped at the opportunity.

## Section 2: Financial Information – Assets and Liabilities

Alice has over $100,000 in equity in her house and could have qualified for a larger loan, but she decided it would be best to refinance on a No Cash-Out basis to keep the monthly payment as low as possible. In addition, one of Alice’s assets is a trust account of $15,000 left to her by her grandfather. Alice also received a credit of $368 from amounts she paid outside closing.

Her other liabilities outside of the existing mortgage loan are an outstanding loan with Mountain Bank with a balance of $2,600 and a credit card balance with Hemlocks of $437. She is not using any refinance cash to pay these debts.

## Section 3: Financial Information – Real Estate

Alice Firstimer owns the property she is refinancing. The outstanding lien is $145,000 which she will be paying off with the refinance transaction and her monthly maintenance expenses (taxes, insurance, etc.) is currently $224 per month.

## Section 4: Loan and Property Information

Alice is refinancing her primary residence at 9991 Warford, Dawson, IA 50066-1111.

Alice’s total loan amount is $149,572, which is a base amount of $147,000 plus financed Mortgage Insurance Premium of $2,572. She will not have any other new mortgages on the property, and there is no rental income to be calculated. She applied for assistance through a federal program and received a cash gift of $3,000.

## Section 5 Declarations, Section 6 Acknowledgments, Section 7 Military Service, and Section 8 Demographics

## Alice Firstimer answered all the declarations and signed the loan application. She has no military service to report. Alice met the lender in person and her gender, race and ethnicity was determined by the lender.

## Section 9: Loan Originator Information

## The loan originator provided their contact and license information and signed the loan application.

## Lender Loan Information

John Done at ABC Mortgage offered Alice a 30-year FHA, Fixed Rate, No Cash Out Refinance loan in the amount of $147,000, at an interest rate of 5.000%. The loan requires a total Mortgage Insurance Premium of $2,572, all of which will be financed, thereby making the total loan amount $149,572.

Estimated closing costs are $1,800 with prepaid items of $799 plus total Mortgage Insurance Premium of $2,307. The sum of these three items is $4,906 which is reflected on the Lender Form in Section L4, Line F (Borrower Closing Costs). After deducting the $368 that she paid outside closing, Alice’s cash to close is $231.

## Supplemental Consumer Information Form (SCIF)

Alice reported that she attended a Housing Counseling program on April 22, 2024. She also designated Tagalog as her Language Preference.