§ 201.19 Refinanced and assumed loans.

(a) Conditions on refinancing. (1) An existing insured property improvement loan or manufactured home loan may be refinanced without an advance of funds only under the following conditions:
   (i) A loan that is in default may not be refinanced for an amount greater than the original principal balance of the loan;
   (ii) The refinancing of a loan for the original borrower shall be subject to all of the requirements of this part, except §§ 201.20(b) and (c), 201.21(b) through (e), 201.22, 201.23, and 201.26;
   (iii) If there are co-makers or co-signers on the original note, the lender shall require the same co-makers or co-signers on the refinanced note, unless the lender obtains the Secretary’s approval to release a co-maker or co-signer from liability under the note in accordance with § 201.24(e); and
   (iv) A loan that was assumed in accordance with paragraph (c) of this section may be refinanced, subject to all of the requirements of this part except §§ 201.20(b) and (c), 201.21(b) through (e), 201.22, 201.23, and 201.26, as long as the original borrower and any intervening assumptors were released from liability for repayment of the loan at the time the loan was assumed. A lender may not refinance a previously assumed loan under any other circumstances, unless the requirements of § 201.22 are also met and the Secretary has approved a release of the original borrower and any intervening assumptors in accordance with § 201.24(e).