

Product Snapshot

Conventional Fannie Mae and Freddie Mac Conforming Fixed Comparison

Cardinal Financial offers the Conventional Fannie Mae loan program and the Conventional Freddie Mac loan program. This comparison sheet is designed to highlight the differences between the two products. Refer to the Cardinal Lending Guide Chapters, applicable snapshots and Agency guidelines currently in effect for additional program parameters, including LTV/CLTV limits.

Program Parameters			
Alimony		Fannie Mae Conforming	Freddie Mac Conforming
	Obligation	For alimony obligations, the underwriter has the option to reduce the qualifying income by the amount of the alimony obligation in lieu of including it as a monthly payment in the calculation of the DTI ratio	In lieu of including alimony payments in the calculation of the debt, the payments must be deducted from the Borrower's stable monthly income. The reduced stable monthly income must be used to qualify the Borrower
Appraisal		Fannie Mae Conforming	Freddie Mac Conforming
	Condition Rating	Properties with a Condition Rating of C6 require repairs made prior to closing to bring property up to C1-C5 rating	Properties with a Condition Rating of C5 or C6 require repairs made prior to closing to bring property up to C1-C4 rating

Assets and Reserves		Fannie Mae Conforming	Freddie Mac Conforming
	Bank Statement Documentation Requirements	Permits 30-day account history for Refinance Transactions Requires 60-day account history for Purchase Transactions	Permits 30-day account history for Purchase and Refinance Transactions
	Business Assets	If not using self-employment to qualify for the loan, a business cash flow analysis is not required	If not using self-employment to qualify for the loan, a cash flow analysis is required
	Cash-out Refinance	6 months PITIA reserves required if DTI exceeds 45%	Reserves per LPA
	Community Savings Funds	Acceptable documentation includes written confirmation from the party managing the pooled savings fund and documentation of regular borrower contributions.	A non-profit community organization must administer the savings system. Acceptable documentation includes account statements or a direct account verification identifying the non-profit community organization as the administrator and showing all borrower contributions.
	Custodial Accounts	Custodial accounts established for children or others may not be used as an eligible source of funds for down payment, closing costs or reserves	Custodial accounts established for children or others may be used as an eligible source of funds for down payment, closing costs or reserves. Documentation must be provided to support that the borrower is an account owner and has 100% access to the funds
	Earnest Money Deposit	If the Earnest Money Deposit is not needed to fund down payment, closing costs, prepaids or reserves (where applicable) and the borrower is not required to make a minimum contribution from their own funds, the source of the EMD is not required to be evidenced. However, if the deposit is reflected as a credit in DU, any feedback message related to the funds must be followed	If the Earnest Money Deposit is not needed to fund the down payment, closing costs, prepaids or reserves (where applicable), and the borrower is not required to make a minimum contribution from their own funds, the source of the EMD must still be evidenced in the file
	Gift Funds	A Gift of Equity and a Personal Gift may not come from the same donor	A Gift of Equity and a Personal Gift may come from the same donor

	Real Estate Commission Earnings	The earned commission must be considered in the Interested Third Party Contribution limit for the transaction	The earned commission is not considered in the Interested Third Party Contribution limit for the transaction
	529 College Savings Plan	Eligible source of funds provided that the borrower is the owner of the account and the account is revocable	Ineligible asset type
AUS			
		Fannie Mae Conforming	Freddie Mac Conforming
	AUS Recommendation	<p>DU Approve/Eligible recommendation required. Manual Underwriting not permitted unless the borrower is a US Citizen and currently does not reside in the United States.</p> <ul style="list-style-type: none"> These cases would be for a U.S. citizen borrower who is moving back to the United States for a primary residence purchase. A non-U.S. Citizen borrower is not eligible for manual underwriting. <p>Refer to the Conventional Lending Guide, Automated Underwriting Chapter for additional requirements.</p>	LPA Accept/Eligible recommendation required. Manual Underwriting not permitted.
Borrower Eligibility			
		Fannie Mae Conforming	Freddie Mac Conforming
	Ineligible Borrowers	Deferred Action for Childhood Arrival (DACA) recipients are permitted	Deferred Action for Childhood Arrival (DACA) recipients are not permitted
Cash to Borrower			
		Fannie Mae Conforming	Freddie Mac Conforming

	Maximum Cash Back to Borrower	The borrower may receive up to the lower of 2% of the loan amount or \$2,000 on Limited Cash-out refinance	The borrower may receive up to the greater of 1% of the loan amount or \$2,000 on a No Cash-out refinance
Condominiums		Fannie Mae Conforming	Freddie Mac Conforming
	Eligibility	<ul style="list-style-type: none"> FNMA Warranted Projects Limited Review Eligible with restrictions 	<ul style="list-style-type: none"> Freddie Mac Warranted Projects Streamline Review Eligible with restrictions
Continuity of Obligation		Fannie Mae Conforming	Freddie Mac Conforming
	Eligibility	<p>For loans with TRID Application date on or after September 1, 2023:</p> <ul style="list-style-type: none"> At least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application. 	<p>When an existing Mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met:</p> <ul style="list-style-type: none"> At least one Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; or Where none of the borrowers on the mortgage being refinanced is a borrower on the new mortgage, the new borrower must: <ul style="list-style-type: none"> Have held title to and resided in the Mortgaged Premises as a Primary Residence for the most recent 12-month period, and Provide documentation evidencing that he or she has been making timely Mortgage payments on the Mortgage being refinanced for the most recent 12-month period; a timely payment history is required regardless of whether the new borrower is a related person; or At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of

			divorce, separation or dissolution of a domestic partnership
Credit		Fannie Mae Conforming	Freddie Mac Conforming
	Bankruptcy	<ul style="list-style-type: none"> Chapter 7 or 11 <ul style="list-style-type: none"> A four-year waiting period is required, measured from the discharge or dismissal date of the bankruptcy action. Chapter 12 <ul style="list-style-type: none"> Not permitted Chapter 13 <ul style="list-style-type: none"> Two years from the discharge date, or Four years from the dismissal date. 	<ul style="list-style-type: none"> As outlined in AUS Chapter 12 Bankruptcy permitted, follow requirements for Chapter 13 Bankruptcy
	Foreclosure	A seven-year waiting period is required	As outlined in AUS
	Short Sale, Deed-in-Lieu of Foreclosure	A four-year waiting period is required	As outlined in AUS
	Foreclosure on Vacant Land	Not subject to waiting period	Must indicate derogatory credit event on 1003 declarations and follow LPA findings
	Past Due, Charge Offs and Collection Accounts	<ul style="list-style-type: none"> Past due accounts must be brought current 2-4 unit Primary Residences, Second Homes and Investment Properties require payment in full of collections and charge offs- refer to Lending Guide Chapter 6 for guidance 	<ul style="list-style-type: none"> All derogatory events must be reflected in the Declarations where applicable. LPA will generate requirements for past due accounts, charges offs and collections Cardinal's first lien position may not be impacted
Funds from Non-Applicant Title Holder		Fannie Mae Conforming	Freddie Mac Conforming

	<table><tr><td>Applicability</td><td><p>Considered borrower funds and not considered to be a gift.</p><p>Funds remitted from non-applicant title holder must be accompanied by the following documentation:</p><ul style="list-style-type: none">Documentation that the funds were transferred to our borrower by the non applicant title holder such as a copy of the certified check, wire receipt, account transfer or other documentation evidencing funds transferred originated from non applicant title holder. The identity of the remitter and the amount of the remittance are the only items being validated through this documentation.Documentation that funds were remitted by the non applicant title holder such as a copy of the certified check, wire receipt, or closing agent’s acknowledgment of title holders fund remittance if funds were remitted to settlement agent. The identity of the remitter and the amount of the remittance are the only items being validated through this documentation.<p>The non applicant title holder must provide an executed fund attestation that confirms:</p><ul style="list-style-type: none">State the dollar amount of the funds to close remittanceReference the property being financedDate the funds were (will be) transferredInclude a statement from the non applicant title holder that no repayment is expected or implied in the form of cash or future servicesInclude non applicant title holder name, address, telephone number</td><td><p>Not considered borrower funds</p><ul style="list-style-type: none">Must be considered as gift funds and all applicable gift documentation and guidelines apply.</td></tr></table>	Applicability	<p>Considered borrower funds and not considered to be a gift.</p> <p>Funds remitted from non-applicant title holder must be accompanied by the following documentation:</p> <ul style="list-style-type: none">Documentation that the funds were transferred to our borrower by the non applicant title holder such as a copy of the certified check, wire receipt, account transfer or other documentation evidencing funds transferred originated from non applicant title holder. The identity of the remitter and the amount of the remittance are the only items being validated through this documentation.Documentation that funds were remitted by the non applicant title holder such as a copy of the certified check, wire receipt, or closing agent’s acknowledgment of title holders fund remittance if funds were remitted to settlement agent. The identity of the remitter and the amount of the remittance are the only items being validated through this documentation. <p>The non applicant title holder must provide an executed fund attestation that confirms:</p> <ul style="list-style-type: none">State the dollar amount of the funds to close remittanceReference the property being financedDate the funds were (will be) transferredInclude a statement from the non applicant title holder that no repayment is expected or implied in the form of cash or future servicesInclude non applicant title holder name, address, telephone number	<p>Not considered borrower funds</p> <ul style="list-style-type: none">Must be considered as gift funds and all applicable gift documentation and guidelines apply.			
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Home Equity Line of Credit (HELOC)	<table><tr><td></td><td>Fannie Mae Conforming</td><td>Freddie Mac Conforming</td></tr><tr><td>Determination of Monthly</td><td><ul style="list-style-type: none">Obtain credit supplement or Loan</td><td><ul style="list-style-type: none">Obtain credit supplement or Loan</td></tr></table>		Fannie Mae Conforming	Freddie Mac Conforming	Determination of Monthly	<ul style="list-style-type: none">Obtain credit supplement or Loan	<ul style="list-style-type: none">Obtain credit supplement or Loan
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	Payment Amount	<ul style="list-style-type: none"> documentation supporting repayment terms If the HELOC does not require a payment, then a recurring monthly obligation does not exist and does not need to be included in the liabilities 	<ul style="list-style-type: none"> documentation supporting repayment terms When the monthly payment amount is not captured in the Mortgage file documentation or in the credit report, 1.5% of the outstanding balance may be used to determine a qualifying payment
Homeownership Counseling		Fannie Mae Conforming	Freddie Mac Conforming
	Completion Requirements	Where required by the program, the borrower must: <ul style="list-style-type: none"> Complete a homeownership education course from a qualified provider prior to closing; or Complete a homeownership education course required by a Community Seconds or down payment assistance program that is provided by a HUD-approved agency prior to closing, if the loan involves a Community Seconds or down payment assistance program; or Receive housing counseling from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Housing Counseling (Form 1017) prior to the borrower signing a purchase contract; or have already completed housing counseling (as evidenced by a completed Fannie Mae Form 1017) 	Where required by the program, the borrower must: <ul style="list-style-type: none"> Complete the homeownership education prior to the Note date
Income		Fannie Mae Conforming	Freddie Mac Conforming
	Asset Repayment as Income	<ul style="list-style-type: none"> FNMA permits under Employment Related Assets as Income guidance Assets such as 401 K, IRA, Keogh, severance packages or lump sum retirement packages may be used Qualifying income determined using net 	<ul style="list-style-type: none"> Freddie Mac permits under Assets as a Basis for Repayment guidance Assets from retirement and depository accounts may be used Qualifying income determined using net documented assets divided by 240

		<p>documented assets divided by the amortization term in months</p> <ul style="list-style-type: none"> Maximum LTV of 70%, up to 80% permitted if asset owner is at least 62 years of age at the time of closing 	<ul style="list-style-type: none"> Maximum LTV of 80%
	Automobile Allowance	Evidence of three-year continuance not required	Evidence of three-year continuance is required
	Capital Gain	Evidence of three-year continuance not required	Evidence of three-year continuance is required
	Commission Income	Recommended receipt for a minimum of 24 months. May be considered if received 12-24 months with positive factors to offset the shorter history	Must be received for a minimum of 24 months
	Employed by Family	Two years signed federal income tax returns are required	Follow AUS for the number of years of tax returns. At minimum, one year signed federal income tax returns are required reflecting income earned by family
	Foreign Income	Obtain the most recent two years U.S. Federal Income tax returns showing the foreign income	Obtain the most recent years U.S. Federal Income tax returns showing the foreign income
	Foster Care Income	<p>Document that the borrower has a two-year history of providing foster-care services. If the borrower has not been receiving this type of income for two full years, the income may still be counted as stable income if:</p> <ul style="list-style-type: none"> The borrower has at least a 12-month history of providing foster-care services, and The income does not represent more than 30% of the total gross income that is used to qualify for the mortgage 	<ul style="list-style-type: none"> Document a two year history of receipt of the income Document a three year continuance of the income Calculate the income using a 24-month average
	Income from Marijuana-Based Employment	<ul style="list-style-type: none"> Permitted when received as W2 wages Income from a marijuana-based self-employed business is not eligible 	<ul style="list-style-type: none"> Not permitted from either W2 wages or from a self-employed business
	Income Verification for Self-Employed Co-Borrower	When co-borrower income derived from self-employment is not being used for qualifying purposes, the co-borrower's self-employment income (or loss) is not required to be documented or evaluated	The co-borrower must provide pages 1 and 2 of their federal individual income tax returns, and the applicable schedules (e.g., Schedule C, Schedule E), to determine

			if there is a business loss that may have an impact on the stable monthly income
	Interest and Dividend Income	Three year continuance is not required to be documented. If there is evidence the asset will be depleted, the income may not be used	Three year continuance must be documented
	Per Diem Earnings	Reimbursements for expenses (e.g., work-related supplies, travel, meals, and entertainment), are not considered wages as they are provided to the borrower for the purpose of offsetting a specific expense incurred while performing a service for the employer. When income is provided for discretionary use, not for the purpose of offsetting a specific expense, the income may be considered if it can be supported as stable and likely to continue	May be considered if the borrower can demonstrate a two year history of receipt along with evidence that the income will continue for three years
	Retirement Income	If the assets are in the form of stocks, bonds, or mutual funds, 70% of the value (remaining after any applicable costs for the subject transaction) must be used to determine the number of distributions remaining to account for the volatile nature of these assets	100% of the value may be used to determine the number of distributions remaining
	Self-Employment income derived from a Corporation	<ul style="list-style-type: none"> Earnings may not be used unless the borrower owns 100% of the business 	<ul style="list-style-type: none"> Earnings may be used if the borrower owns less than 100% of the business
	Social Security	<ul style="list-style-type: none"> Verify that the particular source of income is nontaxable with award letters, policy agreements, account statements, or any other documents that address the nontaxable status of the income <ul style="list-style-type: none"> Child Support Income may be grossed up without providing additional documentation of tax-exempt status 	<ul style="list-style-type: none"> Verify that the particular source of income is nontaxable with award letters, policy agreements, account statements, or any other documents that address the nontaxable status of the income <ul style="list-style-type: none"> Documentation required to support tax-exempt status to allow Child Support Income to be grossed up
	Tip Income	Evidence of three-year continuance not required	Evidence of three-year continuance is required

Liabilities		Fannie Mae Conforming	Freddie Mac Conforming
	30-Day Revolving Account	On a cash-out refinance transaction, Fannie Mae will consider the cash proceeds from our transaction as acceptable liquid assets to offset an open 30-day charge account balance	On a cash-out refinance transaction, Freddie Mac will not consider the cash proceeds from our transaction as acceptable liquid assets to offset an open 30-day charge account; sufficient funds in an amount equal to the outstanding balance must be documented prior to closing
	Business Debt in Borrower's Name	Evidence the business has paid the debt out of company funds: <ul style="list-style-type: none"> Documentation could include 12 months of canceled company checks 	Evidence the business has paid the debt out of company funds: <ul style="list-style-type: none"> Documentation must include no less than 12 months of canceled company checks (or equivalent documentation) if the debt has been paid for by the business 12 months or longer
	Debts Paid by Others (Co-Signed Loans)	If a payment has been deferred within the most recent 12 months, the debt may still be omitted with evidence that the outstanding balance has been brought current by the other party paying the obligation. A 12-month history of payments must still be documented, however, the period of forbearance or deferment may be considered as part of the 12 month history	If a payment has been deferred within the most recent 12 months, the obligation must be included in the borrower's DTI. Due to not meeting the required 12-month recent consecutive timely payments made by the other party, the monthly payment must be included even if the debt has been brought current and/or the forbearance canceled
Multiple Financed Properties		Fannie Mae Conforming	Freddie Mac Conforming
	Eligibility	If the borrower is financing a second home or investment property that is underwritten through DU and the borrower will have one to six financed properties, Fannie Mae's standard eligibility policies apply (for example, LTV ratios and minimum credit scores).	Each Borrower individually and all Borrowers collectively must not be obligated on (e.g., Notes, land contracts and/or any other debt or obligation) more than ten 1-4 unit financed properties, including the subject property and the Borrower's Primary Residence, provided that, when the number of 1-4 unit

	<p>If the borrower will have seven to ten financed properties, the mortgage loan must have a minimum representative credit score of 720; all other standard eligibility policies apply.</p> <p>For reserve requirements, refer to B3- 4.1-01, Minimum Reserves Requirements</p>	<p>financed properties (including the subject property and the Borrower's Primary Residence) is greater than six, the Mortgage must:</p> <ul style="list-style-type: none"> Be a Loan Product Advisor® Mortgage with a Risk Class of Accept, and Have a minimum Indicator Score of 720 <p>Eight months of the monthly payment amount on each additional second home and/or 1-4 unit Investment Property that is financed and on which the Borrower is obligated are required</p>					
Private Road Maintenance Agreement							
	<table border="1"> <thead> <tr> <th></th><th>Fannie Mae Conforming</th><th>Freddie Mac Conforming</th></tr> </thead> <tbody> <tr> <td>Eligibility</td><td>If the property is located on a community-owned or privately-owned and maintained street, an adequate, legally enforceable agreement or covenant for maintenance of the street is required</td><td>A Private Road Maintenance Agreement is not required</td></tr> </tbody> </table>		Fannie Mae Conforming	Freddie Mac Conforming	Eligibility	If the property is located on a community-owned or privately-owned and maintained street, an adequate, legally enforceable agreement or covenant for maintenance of the street is required	A Private Road Maintenance Agreement is not required
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Property Types			
		Fannie Mae Conforming	Freddie Mac Conforming
	Eligible Properties	<ul style="list-style-type: none"> • Attached/detached SFRs • Attached/detached PUDs • Low-rise/high-rise condos • 2–4 Units • Manufactured Homes <ul style="list-style-type: none"> ○ ADU not permitted ○ Constructed after June 15, 1976 ○ Temporary Buydown permitted <p>See Program Guidelines for ineligible property types.</p>	<ul style="list-style-type: none"> • Attached/detached SFRs • Attached/detached PUDs • Low-rise/high-rise condos • 2–4 Units • Manufactured Homes <ul style="list-style-type: none"> ○ ADU permitted if dwelling is stick-built; ADU that is also a manufactured home is not permitted ○ Constructed after June 15, 1976 ○ Temporary Buydown not permitted • Hawaiian properties located in Lava Zone 1 or 2 <p>See Program Guidelines for ineligible property types.</p>
Refinance Cash-out			
		Fannie Mae Conforming	Freddie Mac Conforming
	Borrower Eligibility	Non-Occupant Co-Borrower <ul style="list-style-type: none"> • No restrictions for allowing non-occupant on purchase, rate/term or cash-out transactions 	Non-Occupant Co-Borrower <ul style="list-style-type: none"> • Not permitted on a cash-out refinance transaction, all borrowers must occupy the mortgaged premises
	Seasoning	<p>When proceeds of a cash-out refinance mortgage are used to pay off a First Lien Mortgage, the First Lien Mortgage being refinanced must be seasoned for at least 12 months.</p> <ul style="list-style-type: none"> • Exception: does not apply when any existing subordinate lien(s) are being paid off through the transaction, or when buying out a co-owner pursuant to a legal agreement 	<p>When proceeds of a cash-out refinance Mortgage are used to pay off a First Lien Mortgage, the First Lien Mortgage being refinanced must be seasoned for at least 12 months.</p> <ul style="list-style-type: none"> • Exception: does not apply to a first lien mortgage being refinanced that is a HELOC, a special purpose Cash-out, or the mortgage is converting a manufactured home to legally classified real property

Refinance Rate and Term							
		<table><tr><th></th><th>Fannie Mae Conforming</th><th>Freddie Mac Conforming</th></tr><tr><td>Acceptable Uses</td><td><ul style="list-style-type: none">● Pay off of an existing first mortgage loan, regardless of age, unless the most recent transaction was a refinance mortgage that combined a first mortgage and a non-purchase subordinate mortgage into a new first mortgage within the last six (6) months. <i>See Lending Guide for more details.</i>● Modifying the interest rate and/or term for existing mortgages● Paying off the unpaid principal balance of the existing first mortgage (including prepayment penalties)● Financing the payment of closing costs, points, and prepaid items. With the exception of real estate taxes that are more than 60 days delinquent, the borrower can include real estate taxes in the new loan amount as long as an escrow account is established, subject to applicable law or regulation● Pay off of an existing HELOC in first lien position● Receiving cash back in an amount that is not more than the lesser of 2% of the new refinance loan amount or \$2,000● Buying out a co-owner pursuant to an agreement● Paying off a subordinate mortgage lien (including prepayment penalties) used to purchase the subject property. The lender must document that the entire amount of the subordinate financing was used to acquire the property● Paying off the unpaid principal balance of PACE loans and other debt used for energy-related improvements, described above</td><td><ul style="list-style-type: none">● Pay off the first Mortgage, regardless of its age● Pay off or pay down any junior liens secured by the Mortgaged Premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance Mortgage● Pay off of an existing HELOC in first lien position● Pay related Closing Costs● Disburse cash out to the Borrower (or any other payee) up to the greater of 1% of the new refinance Mortgage or \$2,000● Pay off the outstanding balance of a land contract or contract for deed● Pay off a Property Assessed Clean Energy (PACE) or PACE-like obligation</td></tr></table>		Fannie Mae Conforming	Freddie Mac Conforming	Acceptable Uses	<ul style="list-style-type: none">● Pay off of an existing first mortgage loan, regardless of age, unless the most recent transaction was a refinance mortgage that combined a first mortgage and a non-purchase subordinate mortgage into a new first mortgage within the last six (6) months. <i>See Lending Guide for more details.</i>● Modifying the interest rate and/or term for existing mortgages● Paying off the unpaid principal balance of the existing first mortgage (including prepayment penalties)● Financing the payment of closing costs, points, and prepaid items. With the exception of real estate taxes that are more than 60 days delinquent, the borrower can include real estate taxes in the new loan amount as long as an escrow account is established, subject to applicable law or regulation● Pay off of an existing HELOC in first lien position● Receiving cash back in an amount that is not more than the lesser of 2% of the new refinance loan amount or \$2,000● Buying out a co-owner pursuant to an agreement● Paying off a subordinate mortgage lien (including prepayment penalties) used to purchase the subject property. The lender must document that the entire amount of the subordinate financing was used to acquire the property● Paying off the unpaid principal balance of PACE loans and other debt used for energy-related improvements, described above
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Solar Power			
		Fannie Mae Conforming	Freddie Mac Conforming
	Eligibility	Off-grid Solar Panel Systems are permitted	Off-grid Solar Panel Systems are not permitted
Student Loans			
		Fannie Mae Conforming	Freddie Mac Conforming
	Eligibility	<p>If a monthly student loan payment is provided on the credit report, the underwriter may use that amount for qualifying purposes.</p> <p>If the credit report does not reflect the correct monthly payment, the underwriter may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.</p> <p>If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the underwriter must determine the qualifying monthly payment using one of the options below.</p> <ul style="list-style-type: none"> • If the borrower is on an income-driven payment plan, the underwriter may obtain student loan documentation to verify the actual monthly payment is \$0. The underwriter may then qualify the borrower with a \$0 payment. • For deferred loans or loans in forbearance, the underwriter may calculate <ul style="list-style-type: none"> • a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or <p>a fully amortizing payment using the documented loan repayment terms.</p>	<p>Student loans in repayment, deferment or forbearance:</p> <ul style="list-style-type: none"> • If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, or • If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding loan balance, as reported on the credit report, unless other documentation in the file supports a different current payment amount <p>Student loan forgiveness, cancelation, discharge and employment-contingent repayment programs</p> <p>The student loan payment may be excluded from the monthly debt payment-to-income ratio provided the mortgage file contains documentation that indicates the following:</p> <ul style="list-style-type: none"> • The student loan has 10 or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, or • The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, at the end of the deferment or

			<p>forbearance period, <i>and</i></p> <ul style="list-style-type: none"> • The Borrower currently meets the requirements for the student loan forgiveness, cancellation, discharge or employment-contingent repayment program, as applicable, and the Seller is not aware of any circumstances that will make the Borrower ineligible in the future, and • Documentation is provided indicating that the borrower is eligible or approved for the student loan forgiveness, cancellation, discharge or employment-contingent repayment program. Evidence of eligibility must come from the student loan program or the employer, as applicable. .
Subordinate Financing			
		Fannie Mae Conforming	Freddie Mac Conforming
	Cash proceeds from Concurrent Subordinate Financing	When a borrower obtains new subordinate financing with the refinancing of a First mortgage loan, and the borrower receives cash back from the new subordinate mortgage, the transaction may be treated as a Rate and Term refinance provided the First mortgage loan meets the eligibility criteria for a limited cash-out refinance transaction: Lower of 2% of the loan amount or \$2,000	When a borrower obtains new subordinate financing with the refinancing of a First mortgage loan, and the borrower receives cash back from the new subordinate mortgage, the transaction may be treated as a Rate and Term refinance provided the First mortgage loan meets the eligibility criteria for a no cash-out refinance transaction: Greater of 1% of the loan amount or \$2,000

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