

Product Snapshot

Conventional Freddie Mac CHOICERenovation

Cardinal Financial offers the Freddie Mac CHOICERenovation Loan, which is a single-close loan that enables borrowers to purchase a home that may need repairs or refinance the mortgage on their existing home and include the necessary funds for the renovation into the loan balance. The loan amount is based on the “as-completed” value of the home rather than the present value. The information contained in this matrix may not highlight all requirements of the program and does not reduce or eliminate any requirements set forth in Cardinal’s guidelines.

Primary Residence - Purchase and Rate / Term Refinance			
Property Type	LTV/CLTV	Min Credit Score	Max DTI ¹
1 Unit	95%	580 or per MI	Per LPA or MI
Manufactured Housing	95%		
2 Unit Primary	85%	580	
3-4 Unit Primary	80%		
1 Unit Home Possible	97%	580 or per MI	
1 Unit HomeOne	97%		

¹Maximum 50% DTI for properties located in West Virginia regardless of AUS approval.

Primary Residence - Super Conforming - Purchase and Rate / Term Refinance			
Property Type	LTV/CLTV	Min Credit Score	Max DTI ¹
1 Unit ²	95%	580 or per MI	Per LPA or MI
2-4 Unit	80%		
1 Unit Home Possible	95%		

¹Maximum 50% DTI for properties located in West Virginia regardless of AUS approval.

²Not eligible for Manufactured Housing

Second Home - Purchase and Rate / Term Refinance			
Property Type	LTV/CLTV	Min Credit Score	Max DTI ¹
1 Unit	90%	580 or per MI	Per LPA or MI
Manufactured Housing	85%		
¹ Maximum 50% DTI for properties located in West Virginia regardless of AUS approval.			

Second Home - Super Conforming - Purchase and Rate / Term Refinance			
Property Type	LTV/CLTV	Min Credit Score	Max DTI ¹
1 Unit ²	85%	580	Per LPA or MI
¹ Maximum 50% DTI for properties located in West Virginia regardless of AUS approval.			
² Not eligible for Manufactured Housing			

Investment (Including Super Conforming) - Purchase and Rate / Term Refinance - Fixed & ARM				
Transaction	Property Type	LTV/CLTV	Min Credit Score	Max DTI ¹
Purchase	1 Unit	85%	620 >80% LTV 580 <= 80% LTV	Per LPA or MI
Rate/Term Refinance	1 Unit	80%	580	Per LPA
2-4 Unit & Manufactured Housing		Ineligible		
¹ Maximum 50% DTI for properties located in West Virginia regardless of AUS approval.				

Program Parameters

- Fixed Rate 30 and 15 year amortization & Super Conforming
- Adjustable Rate Mortgage & Super Conforming
 - 5/6 SOFR ARM - Not available for Investment or Manufactured Homes
 - 7/6 and 10/6 SOFR ARM
- Paired with Home Possible & Super Conforming Primary Residence
 - Adjustable Rate Mortgage & Super Conforming
 - 5/6 SOFR ARM - Not available on Manufactured Homes
 - 7/6 and 10/6 SOFR ARM
- Paired with HomeOne Primary Residence transactions

Octane Product Codes

Octane Product Codes	
C30CR	Conforming 30 Year Fixed Rate - FHLMC CHOICERenovation
C30SCCR	Conforming 30 Year Fixed Rate - FHLMC CHOICERenovation Super Conforming
C15CR	Conforming 15 Year Fixed Rate - FHLMC CHOICERenovation
C15SCCR	Conforming 15 Year Fixed Rate - FHLMC CHOICERenovation Super Conforming
C30CRNY	Conforming 30 Year Fixed Rate - FHLMC CHOICERenovation - NY
C15CRNY	Conforming 15 Year Fixed Rate - FHLMC CHOICERenovation - NY
C30SCCRNY	Conforming 30 Year Fixed Rate - FHLMC CHOICERenovation Super Conforming
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5/6CR	SOFR 5/6 - FHLMC CHOICERenovation
5/6SCCR	SOFR 5/6 - FHLMC CHOICERenovation Super Conforming
7/6CR	SOFR 7/6 - FHLMC CHOICERenovation
7/6SCCR	SOFR 7/6 - FHLMC CHOICERenovation Super Conforming
10/6CR	SOFR10/6 - FHLMC CHOICERenovation
10/6SCCR	SOFR10/6 - FHLMC CHOICERenovation Super Conforming
C30HPCR	Conforming 30 Year Fixed Rate - Home Possible FHLMC CHOICERenovation
C30SCHPCR	Conforming 30 Year Fixed Rate - Home Possible FHLMC CHOICERenovation Super Conforming

Acceptable Transaction Terms

	<table border="1"> <tr> <td data-bbox="513 205 789 289">C15HPCR</td> <td data-bbox="789 205 1474 289">Conforming 15 Year Fixed Rate - Home Possible FHLMC CHOICERenovation</td> </tr> <tr> <td data-bbox="513 289 789 373">C15SCHPCR</td> <td data-bbox="789 289 1474 373">Conforming 15 Year Fixed Rate - Home Possible FHLMC CHOICERenovation Super Conforming</td> </tr> <tr> <td data-bbox="513 373 789 436">5/6HPCR</td> <td data-bbox="789 373 1474 436">SOFR 5/6 - Home Possible FHLMC CHOICERenovation</td> </tr> <tr> <td data-bbox="513 436 789 520">5/6SCHPCR</td> <td data-bbox="789 436 1474 520">SOFR 5/6 - Home Possible FHLMC CHOICERenovation Super Conforming</td> </tr> <tr> <td data-bbox="513 520 789 583">7/6HPCR</td> <td data-bbox="789 520 1474 583">SOFR 7/6 - Home Possible FHLMC CHOICERenovation</td> </tr> <tr> <td data-bbox="513 583 789 667">7/6SCHPCR</td> <td data-bbox="789 583 1474 667">SOFR 7/6 - Home Possible FHLMC CHOICERenovation Super Conforming</td> </tr> <tr> <td data-bbox="513 667 789 730">10/6HPCR</td> <td data-bbox="789 667 1474 730">SOFR10/6 - Home Possible FHLMC CHOICERenovation</td> </tr> <tr> <td data-bbox="513 730 789 814">10/6SCHPCR</td> <td data-bbox="789 730 1474 814">SOFR10/6 - Home Possible FHLMC CHOICERenovation Super Conforming</td> </tr> <tr> <td data-bbox="513 814 789 898">C30HO CR</td> <td data-bbox="789 814 1474 898">Conforming 30 Year Fixed Rate - HomeOne FHLMC CHOICERenovation</td> </tr> <tr> <td data-bbox="513 898 789 982">C15HO CR</td> <td data-bbox="789 898 1474 982">Conforming 15 Year Fixed Rate - HomeOne FHLMC CHOICERenovation</td> </tr> </table>	C15HPCR	Conforming 15 Year Fixed Rate - Home Possible FHLMC CHOICERenovation	C15SCHPCR	Conforming 15 Year Fixed Rate - Home Possible FHLMC CHOICERenovation Super Conforming	5/6HPCR	SOFR 5/6 - Home Possible FHLMC CHOICERenovation	5/6SCHPCR	SOFR 5/6 - Home Possible FHLMC CHOICERenovation Super Conforming	7/6HPCR	SOFR 7/6 - Home Possible FHLMC CHOICERenovation	7/6SCHPCR	SOFR 7/6 - Home Possible FHLMC CHOICERenovation Super Conforming	10/6HPCR	SOFR10/6 - Home Possible FHLMC CHOICERenovation	10/6SCHPCR	SOFR10/6 - Home Possible FHLMC CHOICERenovation Super Conforming	C30HO CR	Conforming 30 Year Fixed Rate - HomeOne FHLMC CHOICERenovation	C15HO CR	Conforming 15 Year Fixed Rate - HomeOne FHLMC CHOICERenovation
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Eligible Transactions	<ul style="list-style-type: none"> ● Purchase ● No Cash Out Refinance ● Not eligible: Cash-out refinance 																				
Eligible / Ineligible Properties	<p>Eligible Properties</p> <ul style="list-style-type: none"> ● 1-4 unit primary residences ● 1 Unit second homes ● 1 Unit investment <ul style="list-style-type: none"> ○ Not eligible for 5/6 SOFR ARM ● Approved condominiums <ul style="list-style-type: none"> ○ Proposed renovation work must be permissible under the bylaws of the HOA or the HOA must have given written approval for the work. ○ The renovation work must be limited to the interior of the unit, including the installation of fire walls in the attic. ● Multi-width Manufactured homes <ul style="list-style-type: none"> ○ Allowed provided the improvements do not include structural changes (such as adding a garage or other attached elements) ○ Not eligible for 5/6 SOFR ARM ● Planned Unit Development (PUD) <ul style="list-style-type: none"> ○ Proposed renovation work must be permissible under the bylaws of the HOA or the HOA must have given written approval for the work. ○ For Attached PUDs, the renovation work must be limited to the interior of the unit, including the installation of fire walls in the attic. ● Property must be an existing dwelling where a certificate of occupancy has been issued regardless of whether anyone ever lived in the property 																				

	<p>Ineligible Properties</p> <ul style="list-style-type: none"> ● Agricultural properties, such as farms or ranches ● Cooperatives ● Hawaiian properties in Lava Zones 1 and 2 (Eligible for Freddie Mac Only) ● Land Contracts ● Leaseholds ● Log homes ● Lots in excess of 20 acres ● Manufactured home with an Accessory Dwelling Unit (ADU) ● New construction properties that are not complete (i.e. no Certificate of Occupancy) ● On-frame modular construction ● Properties that are not suitable for year-round occupancy regardless of location ● Properties with water sourced by a river ● Properties located on Tribal Lands which include section 184 ● Properties located in the Department of Hawaiian Home Lands Leasehold (DHHL) ● State-approved medical marijuana producing properties
<p>Underwriting</p>	<ul style="list-style-type: none"> ● The CHOICERenovation loan program is underwritten per the guidelines outlined in this Snapshot, the Conforming Fixed & ARM Freddie Mac Product Snapshot, Conventional Super Conforming Product Snapshot, and applicable Conventional Lending Guides located on the Cardinal HUB. ● The appraisal is reviewed by the Collateral Underwriter per Chapter 10 Property and Appraisal Requirements Conventional Lending Guide <ul style="list-style-type: none"> ○ The Final Inspection 1004D will be obtained at the time of renovation completion. ● The Purpose of Loan on the Loan Application must be either Purchase or Refinance (as applicable), and not as Construction or Construction - Permanent. ● The Loan Purpose on the Uniform Underwriting and Transmittal Summary must be either Purchase or No Cash Out Refinance (as applicable) and not as Home Improvement. The Underwriting Comments must indicate CHOICERenovation Mortgage.

<p style="text-align: center;">Program Requirements</p>	
<p>Appraisal</p>	<ul style="list-style-type: none"> ● Full interior/exterior appraisal is required ● Appraiser’s opinion of value must provide the “as completed” value ● Plans and specification must be provided to the appraiser ● The effective date of the appraisal must be no more than four months prior to the note date of the construction loan ● If, after the appraiser provides the “as completed” value, changes are made to the original plans and specifications, the appraiser must be notified of the changes and provide change documentation to the appraiser. <ul style="list-style-type: none"> ○ The appraiser must provide a new appraisal to reflect the changes and account for the impact on the “as completed” value ● Appraisal update and/or Completion report (Form 1004D) required at the time

	<p>of home completion, including photographs of the completed renovations</p> <ul style="list-style-type: none"> ● A new appraisal must be obtained if the value of the property has declined at the time of construction completion
Appraisal Waiver	Appraisal Waivers are not permitted
AUS	<ul style="list-style-type: none"> ● LPA Accept/Eligible <ul style="list-style-type: none"> ○ DU should NOT be used for this program ● Maximum DTI and minimum FICO score requirements from Eligibility Matrix must be adhered to regardless of the AUS feedback. ● Manual underwriting is not allowed
Borrower Eligibility	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> ● U.S. citizens ● Permanent resident aliens ● Non-permanent residents (see Chapter 2 Documentation Standards Lending Guide for restrictions) <p>Non-Occupant Co-Borrowers</p> <ul style="list-style-type: none"> ● Permitted. See the lending guide for specific requirements. <p>Inter Vivos (Living) Trusts are not eligible</p>
Contingency Reserve	<ul style="list-style-type: none"> ● May come from the mortgage proceeds or directly from the borrower ● Minimum <ul style="list-style-type: none"> ○ Amount must be $\geq 10\%$ of the total renovation costs, except ○ If the property utilities are not operable as referenced in the construction contract and/or plans and specifications, then the minimum contingency reserve must be $\geq 15\%$ of the total renovation costs ○ A contingency reserve is not required when proceeds are used exclusively to finance the addition or renovation of outdoor structures used for leisure and recreation. ● Maximum <ul style="list-style-type: none"> ○ May not exceed 20% of the total renovation costs ○ While a contingency reserve is not required when proceeds are used exclusively to finance the addition or renovation of outdoor structures used for leisure and recreation, if the decision is made to establish a contingency reserve the amount must be less than or equal to 20% of the total renovation costs
Contractor Validation Requirements	<ul style="list-style-type: none"> ● Construction should be completed by a licensed and insured contractor as required by local and/or state requirements. <ul style="list-style-type: none"> ○ The borrower must choose his or her own contractor to complete the project. The lender may not choose or refer the borrower to any specific contractor. ○ The contractor must be financially able to perform the duties necessary to complete the renovation work in a timely manner. ○ A Contractor Review is completed to determine that qualifications are met to the standards set forth by Cardinal. ○ The following items are required to complete the contractor validation review: <ul style="list-style-type: none"> ■ Contractor Questionnaire: completed and signed

	<ul style="list-style-type: none"> ■ Copy of Valid State, County and/or Local Municipality Contractor's License, as applicable ■ Evidence of Worker's Compensation Insurance, as applicable ■ Evidence of Commercial General Liability Insurance ■ Legible copy of Contractor's valid Government issued photo ID ■ Completed W-9 Form ■ Pass Business Credit Check and Criminal Background Review
Renovation Contract Requirements	<ul style="list-style-type: none"> ● The borrower & contractor must have executed a Homestyle Homeowner / Contractor Agreement indicating completion of the renovations within a reasonable time period after the Note Date, not to exceed 450 days. ● A contractor must submit an itemized scope of work for the renovation project. ● An Itemized scope of work should include line item descriptions, time frame, and detailed cost breakdown. Sample Estimate
Costs and Renovation Escrow Accounts	<ul style="list-style-type: none"> ● On the Note date, funds sufficient to cover the total cost of the renovations minus any advances for the cost of materials and/or renovation costs paid to a home improvement store must be deposited into a completion escrow account. Such an account must be a Custodial Account. ● The renovation costs identified in the construction contract must be consistent with the amount of funds deposited into the completion escrow account or Custodial Account for renovation funds, as applicable. ● If the proceeds are insufficient to cover the contracted cost of the renovations, the borrower must deposit sufficient funds to pay the remaining amount into the completion escrow account as applicable.
D-I-Y Work	Do-it-yourself work completed by the borrower is ineligible
Draw / Disbursement Process	<p>Draw requests and disbursements are managed by the Cardinal Construction / Construction / Renovation Team in accordance with published policies and procedures.</p> <ul style="list-style-type: none"> ● Resource: Company Construction Draw Policy Processing Construction Draw Requests <p>Refer to Chapter 22 Construction & Renovation Lending Guide for additional guidelines surrounding the draw and disbursement process.</p>
Eligible / Ineligible Uses of Mortgage Proceeds	<p>CHOICERenovation Mortgage proceeds must only be used to finance renovations that are made to a property with an existing dwelling, and may include:</p> <ul style="list-style-type: none"> ● Fees related to plans and specifications, permits, title updates, appraisals, draw inspections and the final inspection, ● An amount up to, but no more than, six monthly payments of principal, interest, taxes and insurance (PITI), ● Contingency reserve funds as outlined in this guide, ● The payoff of short-term financing that provided the borrower with funds to repair, restore, rehabilitate or renovate an existing home. See Refinance section. ● Adding or renovating outdoor structures used for leisure and recreation, including, but not limited to, swimming pools, decking, screening and porch and patio additions. <ul style="list-style-type: none"> ○ Note: Mortgages whose proceeds are used exclusively to finance the addition or renovation of outdoor structures used for leisure and

	<p>recreation will not be subject to the minimum contingency reserve requirements.</p> <ul style="list-style-type: none"> ● Renovations or repairs to a property that has been damaged in a disaster or for renovations that will protect the property in case of a future disaster (i.e. storm surge barriers, foundation retrofitting for earthquakes, retaining walls, etc.) ● Adding or renovating an ADU, including a Manufactured Home ADU. Refer to Freddie Mac Selling Guide Eligibility of a Property with an ADU. In this case, the maximum financed renovation will follow standard purchase or refinance calculations. ● Renovations to a manufactured home are allowed, provided the manufactured home remains in compliance with HUD’s property acceptability criteria for manufactured homes and the requirements noted in the Freddie Mac Selling Guide. <ul style="list-style-type: none"> ○ Renovations may include the removal of a Manufactured Home on the property that is not the primary dwelling unit, provided any effect of its removal on the value of the property is reported by the appraiser when determining the “as completed” value of the property. ● There are no further restrictions on the type of renovations <p>Ineligible Improvements</p> <ul style="list-style-type: none"> ● Raze an existing structure and build a new dwelling ● Items not permanently affixed to the property, with the exception of new appliances ● Permanently installing a manufactured home to a permanent foundation
<p>“Easy Path” Reno</p>	<ul style="list-style-type: none"> ● Up to 100% of the renovation costs identified in the renovation contract (including labor costs) may be paid to a home improvement store at closing in lieu of the funds being deposited into the Custodial Account, if the requirements noted below are met. Please refer to Company Construction/Renovation Draw Policy. ● If the borrower chooses a home improvement store to have the renovation work completed and the home improvement store’s program requires payment-in-full at the point of purchase, renovations may be purchased from the home improvement store at closing, subject to the following: <ul style="list-style-type: none"> ○ The CHOICERenovation mortgage is a “no cash out” refinance ○ The home improvement store’s renovation program must be reviewed to determine the following requirements are met: <ul style="list-style-type: none"> ■ The home improvement store is financially able to perform the duties necessary to have the renovation work completed in a timely manner and pay the contractor(s) and/or tradespersons chosen by the home improvement store to complete the renovations. A contractor or tradesperson may not require payment directly from the borrower. ■ The home improvement store has a robust contractor approval process that is managed, maintained and updated regularly. ■ The contractor(s) chosen by the home improvement store are licensed and insured as required by local and/or state requirements, and they must be approved under the home improvement store’s contractor approval process during the course of renovations. ○ The borrower may not be chosen by the home improvement store to complete the renovations, even if the borrower is a licensed contractor

	<p>and/or is licensed and qualified to complete the renovations</p> <ul style="list-style-type: none"> ○ The home improvement store must have entered into an executed, binding renovation contract with the borrower to complete the renovations within a reasonable time period after the Note date, and should typically not exceed 180 days. ○ The contract must include an indemnification provision requiring the home improvement store to indemnify the borrower for any property loss or damage caused by the contract(s) and/or tradespersons chosen by the home improvement store to complete the renovations. 									
<p>Feasibility/Cost Analysis Report</p>	<ul style="list-style-type: none"> ● A Feasibility / Cost Analysis Report is prepared by a third-party company and consists of a site inspection and review of the bid to determine if the repair prices are feasible, when required <ul style="list-style-type: none"> ○ If repairs exceed \$35,000 and/or include structural repairs, ○ Then contact a third party to inspect the property. ○ If no structural repairs are identified, then proceed to the Appraisal Ordering step ● The Feasibility / Cost Analysis company will contact the borrower or real estate agent to schedule a property inspection appointment and complete the inspection to identify the repairs required to meet minimum property standards. 									
<p>Homeownership Education</p>	<p>CreditSmart Homebuyer U, Freddie Mac’s Homeownership Education course is required when:</p> <ul style="list-style-type: none"> ● Purchase loans with LTV/CLTV > 95%, and ● All occupying borrowers are first-time homebuyers, at least one borrower must complete the homeownership course. 									
<p>Loan Amount Calculation</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th colspan="3" style="text-align: center; padding: 5px;">Maximum Financed Renovation Costs</th> </tr> <tr> <th style="width: 33%; padding: 5px;">Purchase Transaction</th> <th style="width: 33%; padding: 5px;">No Cash Out Refinance</th> <th style="width: 33%; padding: 5px;">Manufactured Homes</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px; vertical-align: top;"> <p>The total cost of the financed renovations must not exceed 75% of the lesser of the:</p> <ul style="list-style-type: none"> ● Sum of the purchase price of the property plus the estimated cost of the renovations, or ● “As Completed” value of the property as determined by the appraisal </td> <td style="padding: 5px; vertical-align: top;"> <p>The total cost of the financed renovations must not exceed 75% of the “As Completed” value of the property as determined by the appraisal</p> </td> <td style="padding: 5px; vertical-align: top;"> <p>Total financed renovation costs for manufactured homes (purchase and refinance transactions) must not exceed the lesser of:</p> <ul style="list-style-type: none"> ● \$50,000, or ● 50% of the “As Completed” value of the property as determined by the appraisal </td> </tr> </tbody> </table> <p>Total Renovation Costs</p> <ul style="list-style-type: none"> ● Total Cost of Improvements, Repairs and Alterations, 	Maximum Financed Renovation Costs			Purchase Transaction	No Cash Out Refinance	Manufactured Homes	<p>The total cost of the financed renovations must not exceed 75% of the lesser of the:</p> <ul style="list-style-type: none"> ● Sum of the purchase price of the property plus the estimated cost of the renovations, or ● “As Completed” value of the property as determined by the appraisal 	<p>The total cost of the financed renovations must not exceed 75% of the “As Completed” value of the property as determined by the appraisal</p>	<p>Total financed renovation costs for manufactured homes (purchase and refinance transactions) must not exceed the lesser of:</p> <ul style="list-style-type: none"> ● \$50,000, or ● 50% of the “As Completed” value of the property as determined by the appraisal
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	<ul style="list-style-type: none"> ● Soft Costs (including Draw Administration fee), ● Contingency Reserve (if financed), ● Architect/Engineer Fees, ● Feasibility/Cost Analysis Report ● Total Cost of Inspections (# of inspections x cost = total), ● Total Cost of Title Updates (# of updates x cost = total), ● Permits, ● Payment Reserve - up to 6 months (# of months unable to occupy x full monthly payment), ● Other Costs <p>Maximum Loan Amount</p> <ul style="list-style-type: none"> ● Purchase: Lesser of Acquisition Cost or “As Completed” Appraised Value x applicable LTV ● Refinance: “As Completed” Appraised Value x applicable LTV 						
<p>Loan Payments During Renovation Period</p>	<ul style="list-style-type: none"> ● There may be a period during renovation where the home is uninhabitable ● A payment reserve up to six months PITI is permitted when the borrower must vacate the property during renovation. The amount can be financed in the loan amount if the value will support such financing. The reserve is allowed only for the period in which the property is uninhabitable. <ul style="list-style-type: none"> ○ If monthly HOA fees are included in the payment, the borrower must pay outside of the renovation escrow account. 						
<p>Loan to Value (LTV) - Determining Value</p>	<table border="1" data-bbox="475 1031 1469 1360"> <thead> <tr> <th data-bbox="475 1031 716 1094">Transaction Type</th> <th data-bbox="716 1031 1469 1094">Value Used to Determine LTV</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1094 716 1262">Purchase</td> <td data-bbox="716 1094 1469 1262"> Value is the lesser of: <ul style="list-style-type: none"> ● The purchase price of the property prior to the renovations plus the total renovation costs, or ● “As Completed” appraised value </td> </tr> <tr> <td data-bbox="475 1262 716 1360">No Cash Out Refinance</td> <td data-bbox="716 1262 1469 1360">Value is the “As Completed” appraised value of the property</td> </tr> </tbody> </table>	Transaction Type	Value Used to Determine LTV	Purchase	Value is the lesser of: <ul style="list-style-type: none"> ● The purchase price of the property prior to the renovations plus the total renovation costs, or ● “As Completed” appraised value 	No Cash Out Refinance	Value is the “As Completed” appraised value of the property
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<p>Mortgage Insurance</p>	<p>Follow LPA Findings</p>						
<p>Occupancy</p>	<ul style="list-style-type: none"> ● Primary Residence <ul style="list-style-type: none"> ○ If the borrower does not occupy the property during the course of renovations, the property will be deemed owner-occupied as of the Delivery Date so long as the borrower occupies the property as a primary residence within 60 days of the last disbursement made and distributed from the Custodial Account for Renovation Funds. ● Second Home <ul style="list-style-type: none"> ○ Not available on Home Possible or HomeOne programs ● Investment <ul style="list-style-type: none"> ○ Not available on Home Possible or HomeOne programs 						
<p>Refinance Transactions</p>	<ul style="list-style-type: none"> ● Proceeds may not be used to disburse cash out to the borrower 						

	<ul style="list-style-type: none"> ● A property previously owned free and clear by the borrower is considered a “no cash out” refinance if the proceeds are used only to finance eligible renovations. <ul style="list-style-type: none"> ○ In these instances, at least one borrower must have been on the title to the subject for at least six months prior to the Note date. ● CHOICERenovation proceeds can be used to pay off short-term financing that financed renovations, including, but not limited to, the addition or renovation of an ADU, completed prior to the Note Date, provided the following requirements are met: <ul style="list-style-type: none"> ○ The CHOICERenovation loan is not secured by a Manufactured Home, ○ The CHOICERenovation loan is not a CHOICEReno eXPRESS Mortgage, ○ The borrower must be the borrower on, and obligated to repay, the short-term financing, except as follows: <ul style="list-style-type: none"> ■ A borrower may be omitted in the event of death or divorce, or ■ A borrower who is a Related Person may be added, provided that all borrowers on the CHOICERenovation mortgage are owner-occupants of the property and considered in the underwriting of the loan. <ul style="list-style-type: none"> ● Related Person is any of the following: <ul style="list-style-type: none"> ○ Borrower’s spouse, child or dependent ○ An individual related to the borrower by blood, marriage or adoption ○ A guardian of the borrower ○ A person for whom the borrower is a guardian ○ The borrower’s fiancée or fiancé ○ The borrower’s domestic partner ○ All renovations financed by the short-term financing: <ul style="list-style-type: none"> ■ Are completed prior to the Note Date of the mortgage and no obligations related to such financing are outstanding ■ Must be completed prior to the appraisal, and the appraisal must reflect such renovations having been made. ■ Additionally, the appraisal report obtained must only be completed subject to completion of any <i>proposed renovations</i> also being financed with the CHOICERenovation loan. ○ The loan file must contain copies of all relevant documentation, including, but not limited to: <ul style="list-style-type: none"> ■ The short-term financing agreement ■ Sufficient documentation (i.e. purchase contracts, plans and specifications, receipt, invoices, lien waivers, etc.) on which to validate the actual cost of all renovations financed by the short-term financing ■ A document clearly showing the calculation of the short-term financing ■ The Settlement / Closing Disclosure Statement or an alternative form required by law for the closing of the short-term financing ■ The payoff statement
Renovation Completion	<p>All renovations must be completed within 450 days of the Note date</p> <ul style="list-style-type: none"> ● “Easy Path” must be completed within 180 days of the Note date without an approved exception to have a longer term
Special Feature Code for	<ul style="list-style-type: none"> ● Notifications to Freddie Mac (CHOICERenovation@freddiemac.com) must be

Delivery Post Closing	<p>made if there are any concerns that the renovations will not be completed by the required completion date, or if there are any changes that impact the “as completed” value of the property.</p> <ul style="list-style-type: none"> ● J24 for ULDD Data Point Investor Feature Identifier (Sort ID 368) ● Recourse <ul style="list-style-type: none"> ○ Recourse will remain in full force and effect until all renovations are complete ○ Cardinal must request removal of the recourse in writing indicating: <ul style="list-style-type: none"> ■ The Freddie Mac loan number, ■ Certificate of completion (1004D) including photographs of the renovations , and ■ Must provide certification that Freddie Mac is in first lien position. ○ All required documentation noted above must be submitted to Freddie Mac at CHOICERenovation@freddiemac.com, and the following requirements must be met: <ul style="list-style-type: none"> ■ The borrower is not delinquent at the time of the request ■ The borrower has not been 30 days delinquent more than once during the renovation period, except that the recourse may be removed at a later date once the borrower has made 36 consecutive monthly payments with no delinquencies. ● Refer to Freddie Mac Selling Guide Section 6302.43 for additional Delivery requirements
Subordinate Financing	Follow Agency guidelines
Title Commitment	<ul style="list-style-type: none"> ● The Title Company must provide Mechanic Lien protection coverage during renovation. ● In order for a title company to provide this protection, they may require title updates or date downs at the time of each draw. The Cardinal Construction/Renovation Team will confirm in order to include in the cost of construction.
ARM Terms	
ARM Index	30-Day Average of SOFR
ARM Caps	<ul style="list-style-type: none"> ● 5yr/6m SOFR ARM: 2/1/5% ● 7yr/6m and 10yr/6m SOFR ARMs: 5/1/5%
ARM Margin	<ul style="list-style-type: none"> ● 2.75% ● The Floor is the Margin
ARM Change Look Back Period	45 Days
Conversion Option	None
Qualifying Rate	<ul style="list-style-type: none"> ● 5yr/6m SOFR ARM <ul style="list-style-type: none"> ○ Qualify at the higher of Note rate plus 2% or fully indexed rate ● 7yr/6m and 10yr/6m SOFR ARM <ul style="list-style-type: none"> ○ Qualify at the higher of the Note rate or the fully indexed rate

Rate Adjustment	<ul style="list-style-type: none"> • The interest rate can be adjusted up or down at each rate change date, based on the movements in the index • The interest rate will be adjusted to equal the sum of the index plus the required margin, rounded to the nearest .125% subject to the interest rate caps
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