

# Product Snapshot

## Conventional High Balance & Super Conforming



Cardinal Financial offers the Fannie Mae Conventional High Balance and the Freddie Mac Super Conforming Fixed loan products. This comparison sheet is designed to assist in determining the differences between the two loan products and program parameters. Refer to the underwriting guidelines for further information.

Fannie Mae High Balance Fixed						
Occupancy	Type	Prop Type	Credit Score	LTV	CLTV	DTI <sup>1</sup>
Primary	Purchase & Rare and Term	1-Unit	580	95%	95%	Per DU® & MI
		2-Units		85%	85%	Per DU & MI
		3-4 Units		75%	75%	Per DU
	Cash-Out	1-Unit		80%	80%	Per DU
		2-4 Units		75%	75%	
		Manufactured Home <sup>2</sup>		65%	65%	
Second Home	Purchase & Rate and Term	1-Unit	580	90%	90%	Per DU & MI
	Cash-Out	1-Unit		75%	75%	Per DU
Investment	Purchase	1-Unit	580 LTV<=80% 620 LTV>80%	85%	85%	Per DU & MI
		2-4 Units		75%	75%	Per DU
	Rate and Term	1-4 Units		75%	75%	Per DU
	Cash-Out	1-Unit		75%	75%	Per DU
		2-4 Units		70%	70%	

<sup>1</sup>Maximum 50% DTI for properties located in West Virginia regardless of AUS approval  
<sup>2</sup>Single-width not eligible for cash-out refinance transaction

Freddie Mac® Super Conforming Fixed						
Occupancy	Type	Prop Type	Credit Score	LTV	CLTV	DTI <sup>1</sup>
Primary	Purchase & Rate and Term	1-Unit	580	95%	95%	Per LPA & MI
		2-Unit		85%	85%	
		3-4 Units		80%	80%	Per LPA
	Cash-Out	1-Unit		80%	80%	Per LPA
		2-4 Units		75%	75%	
Second Home	Purchase & Rate and Term	1-Unit	580	85%	85%	Per LPA & MI
	Cash-Out	1-Unit		75%	75%	Per LPA
Investment	Purchase & Rate and Term	1-Unit	580 LTV<=80% 620 LTV>80%	85%	85%	Per LPA & MI
		2-4 Units		75%	75%	
	Cash-Out	1-Unit		75%	75%	Per LPA
		2-4 Units		70%	70%	

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

Program Parameters		
	Fannie Mae High Balance	Freddie Mac Super Conforming
<b>Acceptable Transaction Terms</b>	ARM <ul style="list-style-type: none"> <li>5/6 SOFR ARM - FNMA - High Balance</li> <li>7/6 SOFR ARM - FNMA - High Balance</li> <li>10/6 SOFR ARM - FNMA - High Balance</li> </ul> Fixed <ul style="list-style-type: none"> <li>FNMA Conforming 10-Year Fixed Rate High Balance</li> <li>FNMA Conforming 15-Year Fixed Rate High Balance</li> <li>FNMA Conforming 20-Year Fixed Rate High Balance</li> </ul>	ARM <ul style="list-style-type: none"> <li>5/6 SOFR ARM - FHLMC - SC*</li> <li>7/6 SOFR ARM - FHLMC - SC</li> <li>10/6 SOFR ARM - FHLMC - SC</li> </ul> Fixed <ul style="list-style-type: none"> <li>FHLMC Conforming 10-Year Fixed Rate Super Conforming</li> <li>FHLMC Conforming 15-Year Fixed Rate Super Conforming</li> <li>FHLMC Conforming 20-Year Fixed Rate Super Conforming</li> </ul>

	<ul style="list-style-type: none"> <li>FNMA Conforming 25-Year Fixed Rate High Balance</li> <li>FNMA Conforming 30-Year Fixed Rate High Balance</li> </ul> <p>Temporary Buydown</p> <ul style="list-style-type: none"> <li>FNMA High Balance Temporary 3-2-1 Buydown</li> <li>FNMA High Balance Temporary 2-1 Buydown</li> <li>FNMA High Balance Temporary 1-1 Buydown</li> <li>FNMA High Balance Temporary 1-0 Buydown</li> </ul>	<ul style="list-style-type: none"> <li>FHLMC Conforming 25-Year Fixed Rate Super Conforming</li> <li>FHLMC Conforming 30-Year Fixed Rate Super Conforming</li> </ul> <p>Temporary Buydown</p> <ul style="list-style-type: none"> <li>FHLMC Super Conforming Temporary 3-2-1 Buydown</li> <li>FHLMC Super Conforming Temporary 2-1 Buydown</li> <li>FHLMC Super Conforming Temporary 1-1 Buydown</li> <li>FHLMC Super Conforming Temporary 1-0 Buydown</li> </ul> <p>*Investment Property transactions where the borrower owns more than one financed Investment Property are only permitted on a 7/6 or 10/6 SOFR ARM; 5/6 SOFR ARM's are ineligible</p>
<b>Eligible Transactions</b>	<ul style="list-style-type: none"> <li>Purchase</li> <li>Limited Rate and Term Refinance</li> <li>Cash-Out Refinance (minimum length of ownership is 6 months) <ul style="list-style-type: none"> <li>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</li> <li>Manufactured Housing: <ul style="list-style-type: none"> <li>the borrower must have owned both the manufactured home and land for at least 12 months preceding the date of the loan application. The LTV, CLTV, and HCLTV ratios will be based on the current appraised value of the manufactured home and land</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Purchase</li> <li>No Cash-Out Rate and Term Refinance</li> <li>Cash-Out Refinance (minimum length of ownership is 6 months) <ul style="list-style-type: none"> <li>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</li> </ul> </li> </ul>

Program Requirements		
	Fannie Mae High Balance	Freddie Mac Super Conforming
<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>Full interior/exterior appraisal may be required</li> <li>Property Inspection Waiver/ Value Acceptance may be allowed if eligibility requirements are met</li> <li>Value Acceptance plus PDR may be</li> </ul>	<ul style="list-style-type: none"> <li>Full interior/exterior appraisal may be required</li> <li>Appraisal Waiver/ ACE may be allowed if eligibility requirements are met</li> <li>ACE plus PDR may be allowed if eligibility requirements are met</li> </ul>

	allowed if eligibility requirements are met	
<b>Appraisal Waiver</b>	<p>Eligible Transactions:</p> <ul style="list-style-type: none"> <li>1-unit properties, including condominiums</li> <li>Limited cash-out refinance transactions: <ul style="list-style-type: none"> <li>Principal residences and second homes up to 90% LTV/CLTV</li> <li>Investment properties up to 75% LTV/CLTV</li> </ul> </li> <li>Cash-out refinance transactions: <ul style="list-style-type: none"> <li>Principal residences up to 70% LTV/CLTV</li> <li>Second homes and investment properties up to 60% LTV/CLTV</li> </ul> </li> <li>Purchase transactions: <ul style="list-style-type: none"> <li>Principal residences and second homes up to 80% LTV/CLTV</li> </ul> </li> <li>Loan casefiles that receive an Approve/Eligible recommendation</li> </ul> <p>Ineligible Transactions:</p> <ul style="list-style-type: none"> <li>Properties located in a disaster impacted area</li> <li>Leasehold properties, community land trust homes, or other properties with resale restrictions</li> <li>Construction and construction-to-permanent loans</li> <li>Cooperative units and manufactured homes</li> <li>Loans with ineligible recommendations</li> <li>HomeStyle® mortgage products (Renovation and Energy)</li> <li>2-4 unit properties</li> <li>Texas Section 50(a)(6) mortgages</li> <li>Investment properties when the borrower is using subject rental income to qualify.</li> <li>Gifts of Equity</li> <li>Loans for which the mortgage insurance provider requires an appraisal</li> </ul>	<p>Eligible Transactions:</p> <ul style="list-style-type: none"> <li>Single-family 1-unit property (effective July 16, 2018, includes mortgages secured by a condominium unit submitted or resubmitted to Loan Product Advisor)</li> <li>Primary residence or second home</li> <li>Purchase or no cash-out refinance with LTV/TLTV &lt; 80%</li> </ul> <p>Ineligible Transactions:</p> <ul style="list-style-type: none"> <li>Properties located in a disaster impacted area</li> <li>Leasehold properties, community land trust homes, or other properties with resale restrictions</li> <li>Construction and construction-to-permanent loans</li> <li>Cooperative units and manufactured homes</li> <li>Loans with ineligible recommendations</li> <li>2-4 unit properties</li> <li>Texas Section 50(a)(6) mortgages</li> <li>Investment properties when the borrower is using subject rental income to qualify.</li> <li>Gifts of Equity</li> <li>Loans for which the mortgage insurance provider requires an appraisal</li> </ul>
<b>Assets and Reserves</b>	As outlined in AUS.	As outlined in AUS.
<b>AUS</b>	DU Approve/Eligible findings. Manual Underwriting not allowed.	LPA Accept findings. Manual Underwriting not allowed.
<b>Borrower Eligibility</b>	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> <li>U.S. citizens</li> <li>Permanent resident aliens</li> <li>Non-permanent residents (see guide)</li> </ul>	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> <li>U.S. citizens</li> <li>Permanent resident aliens</li> <li>Non-permanent resident aliens (see</li> </ul>

	<ul style="list-style-type: none"> <li>for restrictions) <ul style="list-style-type: none"> <li>● Non-occupant co-borrowers</li> <li>● Inter Vivos (Living) Trusts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>guide for restrictions) <ul style="list-style-type: none"> <li>● Non-occupant co-borrowers</li> <li>● Inter Vivos (Living) Trusts</li> </ul> </li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>● Bankruptcy <ul style="list-style-type: none"> <li>○ As outlined in AUS</li> </ul> </li> <li>● Collections, Charge-Offs, and Judgments <ul style="list-style-type: none"> <li>○ As outlined in AUS</li> </ul> </li> <li>● Foreclosure, Deed-in-Lieu of Foreclosure, Short Sale <ul style="list-style-type: none"> <li>○ As outlined in AUS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Bankruptcy <ul style="list-style-type: none"> <li>○ As outlined in AUS</li> </ul> </li> <li>● Collections, Charge-Offs, and Judgments <ul style="list-style-type: none"> <li>○ As outlined in AUS</li> </ul> </li> <li>● Foreclosure, Deed-in-Lieu of Foreclosure, Short Sale <ul style="list-style-type: none"> <li>○ As outlined in AUS</li> </ul> </li> </ul>
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>● DU Approve/Eligible required</li> <li>● 580 <ul style="list-style-type: none"> <li>○ Owner Occupied</li> <li>○ Second Home</li> <li>○ Investment &lt;=80% LTV</li> </ul> </li> <li>● 620 <ul style="list-style-type: none"> <li>○ Investment &gt;80% LTV</li> </ul> </li> <li>● All borrower(s) must have a credit score</li> </ul>	<ul style="list-style-type: none"> <li>● LPA Accept required</li> <li>● 580 <ul style="list-style-type: none"> <li>○ Owner Occupied</li> <li>○ Second Home</li> <li>○ Investment &lt;=80% LTV</li> </ul> </li> <li>● 620 <ul style="list-style-type: none"> <li>○ Investment &gt;80% LTV</li> </ul> </li> <li>● All borrower(s) must have a credit score</li> </ul>
<b>Income</b>	<p>Regardless of DU findings, the following documentation is required at a minimum:</p> <p><b>Salaried Borrowers:</b></p> <ul style="list-style-type: none"> <li>● Most recent W-2 and paystubs that cover the most recent 30-day period.</li> </ul> <p><b>Self-Employed Borrowers:</b></p> <ul style="list-style-type: none"> <li>● The most recent year federal income tax return.</li> <li>● Minimum history of 2 years of being self-employed with the same company.</li> </ul> <p>Other Income, including rental income: See Program Guidelines.</p>	<p>Regardless of LPA findings, the following documentation is required at a minimum:</p> <p><b>Salaried Borrowers:</b></p> <ul style="list-style-type: none"> <li>● Most recent W-2 and paystubs that cover the most recent 30-day period.</li> </ul> <p><b>Self-Employed Borrowers:</b></p> <ul style="list-style-type: none"> <li>● The most recent year federal income tax return.</li> <li>● Minimum history of 2 years of being self-employed with the same company.</li> </ul> <p>Other Income, including rental income: See Program Guidelines.</p>

<b>Loan Limits</b>	<b>2023 High Cost Loan Limits</b>		
	<b>Units</b>	<b>Contiguous States, District of Columbia</b>	<b>Alaska, Guam, Hawaii, and the U.S. Virgin Islands</b>
	One	\$1,089,300	Not Applicable (refer to standard conforming loan limits)
	Two	\$1,394,775	
	Three	\$1,685,850	
	Four	\$2,095,200	
	<b>2024 High Cost Loan Limits</b>		
	<b>Units</b>	<b>Contiguous States, District of Columbia</b>	<b>Alaska, Guam, Hawaii, and the U.S. Virgin Islands</b>
	One	\$1,149,825	Not Applicable (refer to standard conforming loan limits)
	Two	\$1,472,250	
Three	\$1,779,525		
Four	\$2,211,600		
<b>Maximum Loan Amount</b>	Per County Loan Limit	Per County Loan Limit	
<b>Maximum Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>● Primary Residence: No restrictions</li> <li>● Second Home (except Co-Ops): 10 (including primary)</li> <li>● Investment Properties: 10 (including primary)</li> </ul>	<ul style="list-style-type: none"> <li>● Primary Residence: No restrictions</li> <li>● Second Home (except Co-Ops): 6 (including primary)</li> <li>● Investment Properties: 6 (including primary)</li> </ul>	
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>● Standard MI is required.</li> <li>● Investment properties LTV &gt;80% <ul style="list-style-type: none"> <li>○ Mortgage Insurance must be obtained from one of the following providers: <ul style="list-style-type: none"> <li>■ Genworth/Enact</li> <li>■ National Mortgage Insurance</li> <li>■ Essent</li> <li>■ ARCH Mortgage Insurance</li> </ul> </li> </ul> </li> <li>● Note: MGIC and Enact are the the only eligible MI providers for single-wide manufactured homes</li> </ul>	<ul style="list-style-type: none"> <li>● Standard MI is required.</li> <li>● Investment properties LTV &gt;80% <ul style="list-style-type: none"> <li>○ Mortgage Insurance must be obtained from one of the following providers: <ul style="list-style-type: none"> <li>■ Genworth/Enact</li> <li>■ National Mortgage Insurance</li> <li>■ Essent</li> <li>■ ARCH Mortgage Insurance</li> </ul> </li> </ul> </li> </ul>	
<b>Mortgage History</b>	As outlined in AUS.	As outlined in AUS.	

<b>Non-occupant Co-borrower</b>	Permitted. Income and liabilities will be included in the combined debt-to-income (DTI) ratio.	Permitted. Income and liabilities will be included in the combined debt-to-income (DTI) ratio.
<b>Occupancy</b>	Primary Residence, Second Home, and Investment Property.	Primary Residence, Second Home, and Investment Property.
<b>Overlays</b>	<ul style="list-style-type: none"> <li>Refer to the <a href="#">Wholesale Lending   Product Overlay Matrix</a> for any applicable Carinal overlays</li> </ul>	
<b>Properties Listed for Sale</b>	Eligible if the listing agreement is canceled at least 1 day prior to the date of the initial application.	Eligible if the listing agreement is canceled at least 1 day prior to the date of the initial application.
<b>Property Type</b>	<p>Eligible Properties</p> <ul style="list-style-type: none"> <li>Attached/detached SFRs,</li> <li>Attached/detached PUDs,</li> <li>Low-rise/high-rise condos,</li> <li>2–4 Units,</li> <li>Manufactured Homes <ul style="list-style-type: none"> <li>The manufactured home and the land on which it is situated must be titled as real property prior to closing</li> <li>PERS approval is required for all condo, co-op, or PUD projects that consist of single-width manufactured homes</li> <li>Single-wide manufactured homes are limited to principal residence purchase and limited cash-out refinance transactions only</li> <li>Single-wide manufactured homes are ineligible for cash-out refinance transactions</li> </ul> </li> <li>Cooperatives <ul style="list-style-type: none"> <li>The following are not permitted with co-op share loans <ul style="list-style-type: none"> <li>Subordinate financing</li> <li>Investment properties</li> <li>Cash-out refinances on second home properties</li> <li>Community Seconds</li> </ul> </li> <li>Geographic Restrictions <ul style="list-style-type: none"> <li>New York City, defined as Boroughs of Bronx, Brooklyn, Staten Island, Manhattan, and Queens</li> <li>Counties of Nassau, Rockland, Suffolk, and Westchester</li> <li>New Jersey counties:</li> </ul> </li> </ul> </li> </ul>	<p>Eligible Properties</p> <ul style="list-style-type: none"> <li>Attached/detached SFRs,</li> <li>Attached/detached PUDs,</li> <li>Low-rise/high-rise condos,</li> <li>2–4 Units</li> </ul> <p>See program guidelines for Ineligible Property Types</p>

	<ul style="list-style-type: none"> <li>● Bergen</li> <li>● Essex</li> <li>● Hudson</li> <li>● Middlesex</li> <li>● Monmouth</li> <li>● Morris</li> <li>● Passaic</li> <li>● Union</li> </ul>	
See program guidelines for Ineligible Property Types		

<p><b>Temporary Buydown - General Requirements</b></p>	<p>A temporary buydown allows borrowers to reduce their effective monthly payment for a limited period of time through a temporary buydown of the interest rate.</p> <ul style="list-style-type: none"> <li>● The effective interest rate that a borrower pays during the early years of the mortgage is reduced as a result of the deposit of a lump sum of money (sometimes called a “subsidy”) into a buydown account. A portion of the subsidy is released each month to reduce the borrower’s payments.</li> <li>● The buydown funds may be provided by various parties, including the borrower, the lender, the property seller, or other interested parties to the transaction.</li> </ul> <p>General Requirements for Temporary Interest Rate Buydown Plans</p> <ul style="list-style-type: none"> <li>● Buydown program is “3-2-1” <ul style="list-style-type: none"> <li>○ Interest rate for the first year is 3% lower than the Note rate</li> <li>○ Interest rate for the second year is 2% lower than the Note rate</li> <li>○ Interest rate for the third year is 1% lower than the Note rate</li> <li>○ Interest rate for the remaining years is the Note rate</li> </ul> </li> <li>● Buydown program is “2-1” <ul style="list-style-type: none"> <li>○ Interest rate for the first year is 2% lower than the Note rate</li> <li>○ Interest rate for the second year is 1% lower than the Note rate</li> <li>○ Interest rate for the remaining years is the Note rate</li> </ul> </li> <li>● Buydown program is “1-1” <ul style="list-style-type: none"> <li>○ Interest rate for the first year is 1% lower than the Note rate</li> <li>○ Interest rate for the second year is 1% lower than the Note rate</li> <li>○ Interest rate for the remaining years is the Note rate</li> </ul> </li> <li>● Buydown program is “1-0” <ul style="list-style-type: none"> <li>○ Interest rate for the first year is 1% lower than the Note rate</li> <li>○ Interest rate for the remaining years is the Note rate</li> </ul> </li> <li>● The actual note rate and monthly payment that the borrower is obligated to pay is never actually reduced, and the full rate and payment must be reflected on the mortgage documents.</li> <li>● At the end of the buydown period, the buydown funds collected at closing will have been exhausted, and the buydown period ends.</li> <li>● Allowed on fixed-rate mortgages</li> <li>● Primary residence 1-4 unit dwelling</li> <li>● Second home</li> <li>● Purchase or rate and term refinance</li> <li>● Manufactured housing eligible with FNMA/DU</li> <li>● Rate increase will not exceed 1% per year</li> <li>● The mortgage instruments must reflect the permanent payment terms rather than the terms of the buydown plan</li> </ul> <p>Buydown Funds Provided by Interested Parties to the Transaction</p> <ul style="list-style-type: none"> <li>● When the source of the buydown funds is an interested party, the Interest Party Contribution limits will apply</li> </ul> <p>Buydown Agreements</p> <ul style="list-style-type: none"> <li>● The buydown agreement must provide that the borrower is not relieved of his/her obligation to make the mortgage payments required by the terms of the Note</li> </ul>
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	<ul style="list-style-type: none"> <li>The buydown agreement may include an option for the buydown funds to be returned to the borrower or to the lender, if it funded the buydown, if the mortgage is paid off before all of the funds have been applied.</li> </ul> <p>Qualifying the Borrower</p> <ul style="list-style-type: none"> <li>The borrower is qualified based on the Note rate without any consideration of the bought-down rate</li> </ul> <p>Terms of the Buydown</p> <ul style="list-style-type: none"> <li>The buydown plan provides for increases of not more than 1% in the interest rate paid in each 12-month interval</li> </ul> <p>Buydown Funds</p> <ul style="list-style-type: none"> <li>Funds for buydown accounts must be deposited into custodial bank accounts</li> <li>The buydown funds are applied toward payments as they come due under the Note</li> <li>Buydown funds are not refundable unless the mortgage is paid off before all funds have been applied</li> <li>Buydown funds cannot be used to pay past-due payments</li> </ul>	
<b>Temporary Buydown</b>	<p>Lender-Funded Buydowns</p> <ul style="list-style-type: none"> <li>If the buydown is funded by the lender as part of the pricing on the loan, the buydown agreement must require that the funds in the buydown account be transferred to the new servicer if the mortgage is subsequently transferred</li> </ul>	<p>Lender-Funded Buydowns</p> <ul style="list-style-type: none"> <li>If the buydown is funded by the lender as part of the pricing on the loan, the buydown agreement must require that the funds in the buydown account be transferred to the new servicer if the mortgage is subsequently transferred</li> <li>Not eligible on rate and term refinance transactions</li> </ul>
<b>Texas Section 50(a)(6) Mortgages</b>	<p>All Texas section 50(a)(6) mortgage requirements apply including:</p> <ul style="list-style-type: none"> <li>Maximum 80% LTV and CLTV</li> <li>Minimum 12 months seasoning on refinances</li> <li>1-Unit principal residence only</li> <li>Full appraisal required, property inspection waiver is not valid</li> <li>Title insurance requirements for a Texas Section 50(a)(6) must be met</li> <li>Only mortgage products approved for Texas Section 50(a)(6) are eligible</li> </ul>	<p>All Texas section 50(a)(6) mortgage requirements apply including:</p> <ul style="list-style-type: none"> <li>Maximum 80% LTV and CLTV</li> <li>Minimum 12 months seasoning on refinances</li> <li>1-Unit principal residence only</li> <li>Full appraisal required, property inspection waiver is not valid</li> <li>Title insurance requirements for a Texas Section 50(a)(6) must be met</li> <li>Only mortgage products approved for Texas Section 50(a)(6) are eligible</li> </ul>
<b>ARM Terms</b>		
<b>ARM Index</b>	<ul style="list-style-type: none"> <li>30-Day Average of SOFR</li> </ul>	
<b>ARM Caps</b>	<ul style="list-style-type: none"> <li>5yr/6m SOFR ARM: 2/1/5 %</li> <li>7yr/6m and 10yr/6m SOFR ARMs: 5/1/5%</li> </ul>	
<b>ARM Margin</b>	<ul style="list-style-type: none"> <li>2.75%</li> <li>The floor is the margin</li> </ul>	
<b>ARM Change Look Back Period</b>	45 days	
<b>Conversion Option</b>	None	

<b>Qualifying Rate</b>	<ul style="list-style-type: none"> <li>● 5yr/6m SOFR ARM <ul style="list-style-type: none"> <li>○ Qualify at the higher of Note rate plus 2% or fully indexed rate</li> </ul> </li> <li>● 7yr/6m and 10yr/6m SOFR ARMs <ul style="list-style-type: none"> <li>○ Qualify at the Note rate</li> <li>○ The greater of the Note rate or the fully indexed rate must be used to qualify if loans are higher priced mortgage loans or higher priced covered transactions under Reg Z (and must be manually underwritten)</li> </ul> </li> </ul>
<b>Rate Adjustment</b>	<ul style="list-style-type: none"> <li>● The interest rate can be adjusted up or down at each rate change date, based on the movements in the index</li> <li>● 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</li> <li>● The monthly payment will be adjusted in accordance with the change in the interest rate</li> </ul>
<b>Rate Change Dates</b>	<ul style="list-style-type: none"> <li>● The interest rate at lock-in will remain constant until the first rate change date. Subsequent rate change dates will occur on the 1st day of every 6th calendar month thereafter</li> <li>● The first change date is the month prior to the first payment date plus the number of years (5, 7 or 10) based on the ARM program type. <ul style="list-style-type: none"> <li>○ For Example: 5yr/6m ARM with a First Payment date of 4/01/2020 would have an Interest Rate change date of 3/01/2025</li> </ul> </li> </ul>

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