Third Party Origination Product Snapshot

FNMA High Loan-to-Value Refinance

Cardinal Financial offers the Fannie Mae High Loan-to-Value Refinance which offers refinance opportunities to borrowers with existing Fannie Mae mortgages but whose loan to value ratio (LTV) for a new mortgage exceeds the maximum allowed for a standard Fannie Mae refinance product.

Due to the extremely low volume and the impact of the Revised QM Rule, Fannie Mae is temporarily pausing the acquisition of high LTV refinance loans. For loan casefiles created on or after Jul. 1, 2021, DU will no longer underwrite loan casefiles as high LTV refinances. Existing loan casefiles will continue to be underwritten as high LTV refinance transactions.

All loans must have application dates on or before Jun. 30, 2021 to be eligible for this program, and must be purchased or securitized on or before Aug. 31, 2021. High LTV refinance transactions will not be eligible for purchase or securitization after Aug. 31, 2021

Conforming and High Balance
Fixed & Adjustable Rate - Refinance

Occupancy	Property Type	Min LTV	Max LTV	Minimum Credit Score	Maximum DTI Ratio
Primary Residence	1 Unit	97.01%	Fixed Rate: No Limit ARM: 105%	580	No Maximum[1]
	2 Unit	85.01%			
	3-4 Unit	75.01%			
Second Home	1 Unit	90.01%			
Investment Property	1–4 Units	75.01%			

NOTE: High LTV refinance loans are subject to a unique limited cash-out refinance definition, and other unique requirements. There no maximum CLTV or HCLTV ratio limit. The above requirements apply to loans meeting the general or high-balance loan limits. See Lender Letter LL-2017-05 for additional requirements

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

Manual Underwriting

Manual underwriting is only permitted when the borrower's residence address is outside of the Continental U.S. For more details, please see Chapter 2 of the Lending Guide for more information

Program Parameters

Acceptable Transaction Terms	Fixed Rate • Conforming 10 Year Fixed Rate - FNMA HI LTV High Balance • Conforming 10 Year Fixed Rate - FNMA HI LTV High Balance 105.01-125% • Conforming 20 Year Fixed Rate - FNMA HI LTV • Conforming 20 Year Fixed Rate - FNMA HI LTV 105.01-125% • Conforming 20 Year Fixed Rate - FNMA HI LTV High Balance • Conforming 20 Year Fixed Rate - FNMA HI LTV High Balance 105.01-125% • Conforming 25 Year Fixed Rate - FNMA HI LTV • Conforming 25 Year Fixed Rate - FNMA HI LTV 105.01-125% • Conforming 25 Year Fixed Rate - FNMA HI LTV High Balance • Conforming 25 Year Fixed Rate - FNMA HI LTV High Balance 105.01-125% • Conforming 30 Year Fixed Rate - FNMA HI LTV • Conforming 30 Year Fixed Rate - FNMA HI LTV 105.01-125% • Conforming 30 Year Fixed Rate - FNMA HI LTV High Balance • Conforming 30 Year Fixed Rate - FNMA HI LTV High Balance 105.01-125% ARM • 5/6 SOFR ARM - FNMA - HI LTV • 5/6 SOFR ARM - FNMA - High Balance - HI LTV • 7/6 SOFR ARM - FNMA - HI LTV • 7/6 SOFR ARM - FNMA - High Balance - HI LTV • 10/6 SOFR ARM - FNMA - HI LTV • 10/6 SOFR ARM - FNMA - High Balance - HI LTV

Requirements for Existing Loan being Refinanced	
Eligible Existing Loans	• The loan must be a first-lien, conventional mortgage loan, owned or securitized by Fannie Mae • The loan must have a note date on or after October 1, 2017 • Loans that are part of a risk-sharing structure (for example, credit risk transfers) are eligible to be refinanced

Ineligible Existing Loans	The following loans are ineligible to be refinanced:
	• Existing DU Refi Plus™ or Refi Plus™ loans;
	• Loans that are subject to outstanding repurchase demands; or
	• Loans that are subject to recourse, repurchase agreement, indemnification, or another negotiated credit enhancement required at origination for eligibility purposes are not eligible, unless
	    ○ The new loan is also subject to a credit enhancement that meets eligibility requirements, or
	    ○ such credit enhancement is not required for eligibility purposes on the new loan.

Previously Modified Mortgages	At least 15 months have passed from the note date of the existing loan to the note date of the new loan. (For example, if the note date on the existing loan is January 1, 2018, the note date on the new loan can be no earlier than April 1, 2019.)
Servicer	The current servicer or a new servicer may refinance the existing loan.

Requirements for New Loan	
New Loan Requirements	• The new loan must have an application date on or after November 1, 2018. • A new executed Uniform Residential Loan Application (Form 1003/1003(S)) is required from the borrower(s) with all information completed, including borrower income, employment, and assets. • The new loan must be either:

	○ a fixed-rate loan (existing loan may be fixed-rate or ARM); or ○ an ARM that refinances an existing ARM, with the new ARM having a minimum five-year fixed rate term. ● The term of the new loan may not exceed 30 years. ● The new loan must meet current general or high-balance loan limits, as applicable, at the time of loan delivery. ● The new loan cannot be originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. ● Temporary interest rate buydowns are not allowed. ● The new loan amount is limited to ○ the payoff of the unpaid principal balance (UPB) of the existing first mortgage loan being refinanced (including accrued interest); ○ the financing of closing costs, prepaid items, and points (up to $5,000 total) for the new loan; and ○ cash back to the borrower up to $250. (Excess proceeds may be applied as a curtailment on the new loan.) ● Lenders may provide an incentive to the borrower in the form of a payment to pay off a portion of the existing loan being refinanced. ○ Any such reduction of the existing loan balance will impact the LTV ratio as it is applied to the calculation of the new loan amount. (Lenders should be careful in that incentives have the potential to reduce the LTV ratio to below the minimum allowable for this program.) ● Lenders are not required to evaluate borrower creditworthiness except for the requirements specifically stated in the Selling Guide.
Benefit to the Borrower	The new loan must provide a benefit to the borrower in the form of at least one of the following: ● a lower principal and interest (P&I) payment; ● a lower interest rate; ● shorter amortization term; or ● movement to a more stable product (for example, from an ARM or a step-rate modification to a fixed-rate loan).
Borrower Eligibility	● Generally, the borrower(s) on the loan being refinanced (or the current borrower(s) if the existing loan was assumed) must be identical to the borrower(s) on the new loan. However, an existing borrower may be excluded from the new loan for either of the following: ○ the remaining borrower(s) meets the mortgage payment history requirements and provides evidence that they have been making the payments on the existing loan from their own funds for the most recent 12 months prior to the application of the new loan, or ○ due to the death of a borrower; evidence of the deceased borrower's death must be documented in the loan file. ○ If this criteria cannot be met, the new loan must be underwritten in accordance with the Alternative Qualification Path. ○ Borrower(s) may not be added to the new loan. ○ If the loan being refinanced was assumed by the current borrower(s) prior to the refinance of the new loan, the current borrowers must have been qualified for the existing loan per the Servicing Guide.
Mortgage Insurance	● If the loan being refinanced does not have mortgage insurance, mortgage insurance will not be required on the new loan. ● If the loan being refinanced has existing mortgage insurance, the existing mortgage insurance coverage must be continued on the new loan. To accomplish this, the mortgage insurer will modify the existing mortgage insurance certificate and transfer it to the new loan. Such transfer may or may not include assignment of a new mortgage insurance certificate number. Lenders should check with the mortgage insurer for specific requirements.

Property Type	Eligible Properties • 1–4 Units • PUDs • Manufactured Homes Ineligible Properties • Condos • Leasehold Condos • Hawaiian properties in Lava Zones 1 and 2 • Co-ops • Land Contracts • On-frame modular construction • Single wide manufactured homes • Boarding houses • Bed and Breakfast properties • Properties that are not suitable for year-round occupancy regardless of location • Agricultural properties, such as farms or ranches • Properties that are not readily accessible by roads that meet local standards • Vacant land or land development properties • Properties serviced by hauled water • Properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations • State-approved medical marijuana producing properties • 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) • Community Land Trusts or Blind Trusts • Two to Four-unit dwelling with an Accessory Dwelling Unit (ADU) • Manufactured home with an Accessory Dwelling Unit (ADU)

Subordinate Financing	Eligible Subordinate Financing
	• New subordinate financing is only permitted if it replaces existing subordinate financing
	• Existing subordinate financing
	  ○ may not be satisfied with the proceeds of the new loan,
	  ○ can remain in place as long as it is resubordinated to the new loan, and
	  ○ may be simultaneously refinanced as long as the new subordinate lien loan amount does not exceed the existing UPB.
	• Other standard subordinate financing requirements will not apply.
	
	NOTE: Although standard Fannie Mae policy prohibits subordinate financing on co-op share loans, an exception is permitted for high LTV refinance loans as long as the existing subordinate lien is subordinate to the new co-op share loan.

Underwriting	• Except for the Alternative Qualification Path, which requires manual underwriting, high LTV refinance loans may be underwritten using Desktop Underwriter® (DU®). • DU will determine if the borrower(s) and subject property address on the loan casefile match an existing eligible Fannie Mae loan. • For manually underwritten loans the lender must determine that all eligibility requirements are met.