

Product Snapshot

Conventional Fannie Mae HomeStyle Renovation

Cardinal Financial offers the HomeStyle program 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 in this matrix may not highlight all requirements of the program and does not reduce or eliminate any requirements contained in Cardinal’s guidelines.

This program may be combined with the [Fannie Mae Manufactured Home \(MH\) Advantage](#) and Fannie Mae HomeReady products; [refer to the Program Considerations section for details.](#)

Primary Residence - Purchase and Rate / Term Refinance - Fixed & ARM				
Property Type	Fixed LTV/CLTV	ARM LTV/CLTV	Min Credit Score ³	Max DTI ¹
1 Unit	97% ²	95%	580 or per MI	Per DU or MI
2-4 Units	95%	95%		
Manufactured Housing	95%	95%		

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

²For LTVs > 95% on purchase transactions, the borrower must be a first-time home buyer.

³For multiple borrowers, DU will use an average of each borrower’s median credit score which may result in an AUS Accept for Scores below 620. For loans with one borrower, DU may still require a minimum Score of 620.

Primary Residence - High Balance - Purchase and Rate/Term Refinance - Fixed & ARM			
Property Type	LTV/CLTV	Min Credit Score ³	Max DTI ¹
1 Unit ²	95%	580 or per MI	Per DU or MI
2 Unit	85%	580 or per MI	Per DU or MI
3-4 Unit	75%	580	Per DU

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

²Not eligible for Manufactured Housing

³For multiple borrowers, DU will use an average of each borrower's median credit score which may result in an AUS Accept for Scores below 620. For loans with one borrower, DU may still require a minimum Score of 620.

Second Home - Purchase and Rate/Term Refinance - Fixed & ARM

Property Type	LTV/CLTV	Min Credit Score ²	Max DTI ¹
1 Unit, Manufactured	90%	580 or per MI	Per DU or MI

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

²For multiple borrowers, DU will use an average of each borrower's median credit score which may result in an AUS Accept for Scores below 620. For loans with one borrower, DU may still require a minimum Score of 620.

Second Home - High Balance - Purchase and Rate/Term Refinance - Fixed & ARM

Property Type	LTV/CLTV	Min Credit Score ³	Max DTI ¹
1 Unit ²	90%	580 or per MI	Per DU or MI

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

²Not eligible for Manufactured Housing

³For multiple borrowers, DU will use an average of each borrower's median credit score which may result in an AUS Accept for Scores below 620. For loans with one borrower, DU may still require a minimum Score of 620.

Investment (Including High Balance) - 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 ² <= 80% LTV	Per DU or MI
Rate/Term Refinance	1 Unit	75%	580 ²	Per DU
2-4 Unit & Manufactured Housing		Ineligible		

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

²For multiple borrowers, DU will use an average of each borrower’s median credit score which may result in an AUS Accept for Scores below 620. For loans with one borrower, DU may still require a minimum Score of 620.

Program Parameters		
Acceptable Transaction Terms	HomeStyle Renovation Fixed Rate and ARM	
	C30HSR	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation
	C30HBHSR	Conforming 30 Year Fixed Rate High Balance - FNMA HomeStyle Renovation
	C15HSR	Conforming 15 Year Fixed Rate - FNMA HomeStyle Renovation
	C15HBHSR	Conforming 15 Year Fixed Rate High Balance - FNMA HomeStyle Renovation
	C5/6HBHSR	5/6 SOFR ARM High Balance - FNMA HomeStyle Renovation
	C5/6HSR	5/6 SOFR ARM - FNMA HomeStyle Renovation
	C7/6HBHSR	7/6 SOFR ARM High Balance - FNMA HomeStyle Renovation
	C7/6HSR	7/6 SOFR ARM - FNMA HomeStyle Renovation
	C10/6HBHSR	10/6 SOFR ARM High Balance - FNMA HomeStyle Renovation
	C10/6HSR	10/6 SOFR ARM - FNMA HomeStyle Renovation
	HomeStyle Renovation Buydown	
	C30HSR10BD	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation Temporary 1-0 Buydown
	C30HSR11BD	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation Temporary 1-1 Buydown
	C30HSR21BD	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation Temporary 2-1 Buydown
	C30HSR321BD	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation Temporary 3-2-1 Buydown
	C30HBHSR10BD	Conforming 30 Year Fixed High Balance - FNMA HomeStyle Renovation Temporary 1-0 Buydown
	C30HBHSR11BD	Conforming 30 Year Fixed High Balance - FNMA HomeStyle Renovation Temporary 1-1 Buydown
	C30HBHSR21BD	Conforming 30 Year Fixed High Balance - FNMA HomeStyle

	Renovation Temporary 2-1 Buydown
C30HBHSR321BD	Conforming 30 Year Fixed High Balance - FNMA HomeStyle Renovation Temporary 3-2-1 Buydown
HomeReady FNMA HomeStyle Renovation Fixed and ARM	
C30HRHSR	Conforming 30 Year Fixed Rate HomeReady - FNMA HomeStyle Renovation
C30HBHRHSR	Conforming 30 Year Fixed Rate High Balance HomeReady - FNMA HomeStyle Renovation
C15HRHSR	Conforming 15 Year Fixed Rate HomeReady - FNMA HomeStyle Renovation
C15HBHRHSR	Conforming 15 Year Fixed Rate High Balance HomeReady - FNMA HomeStyle Renovation
C5/6HBHRHSR	5/6 SOFR ARM High Balance HomeReady - FNMA HomeStyle Renovation
C5/6HRHSR	5/6 SOFR ARM HomeReady - FNMA HomeStyle Renovation
C7/6HBHRHSR	7/6 SOFR ARM High Balance HomeReady - FNMA HomeStyle Renovation
C7/6HRHSR	7/6 SOFR ARM HomeReady - FNMA HomeStyle Renovation
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C30HBHSRHR321BD	Conforming 30 Year Fixed Rate High Balance - FNMA HomeReady HomeStyle Renovation Temporary 3-2-1 Buydown
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HomeStyle Renovation - MH Advantage	
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C30HSRMHA	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation MH Advantage
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C15HSRMHA	Conforming 15 Year Fixed Rate - FNMA HomeStyle Renovation MH Advantage
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C30HBHSRMHA	Conforming 15 Year Fixed Rate High Balance - FNMA HomeStyle Renovation MH Advantage
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C15HBHSRMHA	Conforming 30 Year Fixed Rate High Balance - FNMA HomeStyle Renovation MH Advantage
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C30HSRMHA10BD	Conforming 30 Year Fixed Rate - FNMA HomeStyle Renovation MH Advantage Temporary 1-0 Buydown
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HomeReady FNMA HomeStyle Renovation MH Advantage	
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C30HSRHRMHA	Conforming 30 Year Fixed Rate - FNMA HomeReady HomeStyle Renovation MH Advantage
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C15HSRHRMHA	Conforming 15 Year Fixed Rate - FNMA HomeReady HomeStyle Renovation MH Advantage
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C30HBHSRHRMHA	Conforming 30 Year Fixed Rate High Balance - FNMA HomeReady HomeStyle Renovation MH Advantage
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	<table border="1"> <tr> <td data-bbox="472 205 764 289">C30HSRHRMHA21BD</td> <td data-bbox="764 205 1497 289">Conforming 30 Year Fixed Rate - FNMA HomeReady HomeStyle Renovation MH Advantage Temporary 2-1 Buydown</td> </tr> <tr> <td data-bbox="472 289 764 373">C30HSRHRMHA321BD</td> <td data-bbox="764 289 1497 373">Conforming 30 Year Fixed Rate - FNMA HomeReady HomeStyle Renovation MH Advantage Temporary 3-2-1 Buydown</td> </tr> </table>	C30HSRHRMHA21BD	Conforming 30 Year Fixed Rate - FNMA HomeReady HomeStyle Renovation MH Advantage Temporary 2-1 Buydown	C30HSRHRMHA321BD	Conforming 30 Year Fixed Rate - FNMA HomeReady HomeStyle Renovation MH Advantage Temporary 3-2-1 Buydown
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<p>Program Considerations</p>	<p>The FNMA HomeStyle Renovation loan may be combined with the following programs (see Acceptable Transaction Terms):</p> <table border="1"> <tr> <td data-bbox="472 533 703 1388"> <p>Fannie Mae HomeReady</p> </td> <td data-bbox="703 533 1497 1388"> <p>FNMA HomeReady loans are eligible in combination with HomeStyle Renovation; the more restrictive requirements of HomeReady or HomeStyle Renovation apply when these products are combined on a loan.</p> <ul style="list-style-type: none"> For example, a HomeReady HomeStyle Renovation mortgage must be a principal residence transaction, whereas standard HomeStyle Renovation permits second home and investment properties Exceptions: <ul style="list-style-type: none"> For purchase transactions with LTV/CLTV/HCLTV ratios 95.01% - 97% that combine HomeReady and HomeStyle Renovation, Fannie Mae is not requiring at least one borrower to be a first-time homebuyer. The mortgage insurance requirements for HomeReady apply when HomeReady and HomeStyle Renovation are combined. The Cardinal Financial HomeReady Grant is eligible for use with the HomeStyle Renovation program. The more restrictive of eligibility guidelines must be met Use the applicable Acceptable Transaction Terms as indicated above TPO Product Snapshot Fannie Mae HomeReady <p>May also be combined as a HomeStyle MH Advantage or HomeReady HomeStyle Renovation MH Advantage</p> </td> </tr> <tr> <td data-bbox="472 1388 703 1770"> <p>Fannie Mae MH Advantage</p> </td> <td data-bbox="703 1388 1497 1770"> <p>FNMA MH Advantage loans are eligible in combination with HomeStyle Renovation; the more restrictive requirements of MH Advantage or HomeStyle Renovation apply when these products are combined on a loan.</p> <ul style="list-style-type: none"> Use the applicable Acceptable Transaction Terms as indicated above TPO Product Snapshot Fannie Mae Manufactured Home (MH) Advantage <p>May also be combined as a HomeReady HomeStyle Renovation MH Advantage</p> </td> </tr> </table> <p>Below is a high level overview of each program's attributes; the more restrictive of product guidelines must be applied when combining programs.</p>	<p>Fannie Mae HomeReady</p>	<p>FNMA HomeReady loans are eligible in combination with HomeStyle Renovation; the more restrictive requirements of HomeReady or HomeStyle Renovation apply when these products are combined on a loan.</p> <ul style="list-style-type: none"> For example, a HomeReady HomeStyle Renovation mortgage must be a principal residence transaction, whereas standard HomeStyle Renovation permits second home and investment properties Exceptions: <ul style="list-style-type: none"> For purchase transactions with LTV/CLTV/HCLTV ratios 95.01% - 97% that combine HomeReady and HomeStyle Renovation, Fannie Mae is not requiring at least one borrower to be a first-time homebuyer. The mortgage insurance requirements for HomeReady apply when HomeReady and HomeStyle Renovation are combined. The Cardinal Financial HomeReady Grant is eligible for use with the HomeStyle Renovation program. The more restrictive of eligibility guidelines must be met Use the applicable Acceptable Transaction Terms as indicated above TPO Product Snapshot Fannie Mae HomeReady <p>May also be combined as a HomeStyle MH Advantage or HomeReady HomeStyle Renovation MH Advantage</p>	<p>Fannie Mae MH Advantage</p>	<p>FNMA MH Advantage loans are eligible in combination with HomeStyle Renovation; the more restrictive requirements of MH Advantage or HomeStyle Renovation apply when these products are combined on a loan.</p> <ul style="list-style-type: none"> Use the applicable Acceptable Transaction Terms as indicated above TPO Product Snapshot Fannie Mae Manufactured Home (MH) Advantage <p>May also be combined as a HomeReady HomeStyle Renovation MH Advantage</p>
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	HomeStyle	HomeReady	MH Advantage
Maximum LTV/CLTV 1-unit Fixed	97%	97%	97%
Maximum LTV/CLTV 1-unit ARM	95%	95%	-
Primary Residence	X	X	X
Second Home	X	-	X
Investment	X	-	-
1-Unit	X	X	X
2-Unit	X	X	-
3-Unit	X	X	-
4-Unit	X	X	-
Purchase	X	X	X
Rate/Term	X	X	X
Cash-out	-	-	X
High Balance	X	X	X
Buydown Permitted	X	X	X
Eligible Transactions	<ul style="list-style-type: none"> ● Purchase ● No Cash Out Refinance ● Cash-out refinance transactions are not eligible 		
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 ● 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. Eligible, non-structural improvements include, but are not 		

	<p>limited to</p> <ul style="list-style-type: none"> ■ Improvements to kitchens and bathrooms; ■ Installing energy efficiency heating and cooling systems; ■ Changes to address mobility and aging in place requirements; and ■ Installation of new windows, doors, siding, or roofing provided these changes do not alter the structure of the unit. elements) <ul style="list-style-type: none"> ○ Eligible renovation funds are capped at the lesser of \$50,000 or 50% of the “as completed” appraised value. <ul style="list-style-type: none"> ● 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. <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 ● Lot in excess of 40 acres in the state of Montana (state restriction) ● Manufactured home with an Accessory Dwelling Unit (ADU) ● 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 HomeStyle loan program is underwritten per the guidelines outlined in this Snapshot, the Conforming Fixed Fannie Mae Product Snapshot, Conventional High Balance 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.

Program Requirements	
Appraisal	<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 of home completion, including photographs of the completed renovations ● 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"> ● DU Approve/Eligible feedback required <ul style="list-style-type: none"> ○ LPA 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 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 ● Maximum <ul style="list-style-type: none"> ○ May not exceed 15% 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.

	<ul style="list-style-type: none"> ○ 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 ■ 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 Homeowner/Contractor Agreement indicating completion of the renovations within a reasonable time period after the Note Date, not to exceed 15 months. ● 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 / 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>Any type of renovation or repair is eligible, as long as it is permanently affixed to the property. There are no required improvements or restrictions on the types of renovations allowed, nor is there a minimum dollar amount for the renovations.</p> <ul style="list-style-type: none"> ● Generally, improvements should be permanently affixed to the real property (either dwelling or land), with the exception of certain appliances installed with kitchen and utility room remodels. The borrower may use HomeStyle to purchase appliances as part of an overall remodeling project that includes substantial changes or upgrades to the rooms in which the appliances are placed.

	<ul style="list-style-type: none"> • HomeStyle Renovation may be used to complete the final work on a newly built home when the home is at least 90% complete. The remaining improvements must be related to completing non-structural items the original builder was unable to finish. Such work may include installation of buyer-selected items such as flooring, cabinets, kitchen appliances, fixtures, and trim. • HomeStyle Renovation may be used to construct various outdoor buildings and structures when allowed by local zoning regulations. These buildings or structures must be in compliance with any applicable building codes for the local area. Examples of acceptable structures include, but are not limited to, accessory units, garages, recreation rooms, and swimming pools. <ul style="list-style-type: none"> ○ Adding or renovating an ADU is eligible for a 1-unit dwelling primary residence. <ul style="list-style-type: none"> ■ Note: ADUs are ineligible for 2-4 unit dwellings, or when a manufactured home is the primary residence. Properties with multiple ADUs are also not eligible <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 						
Escrow Waivers	<ul style="list-style-type: none"> • Refer to the Company Third-Party Origination Lock Policy for guidance on Escrow/Impound Waivers 						
Feasibility/Cost Analysis Report	<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. 						
Lender Responsibilities	Refer to Chapter 22 Construction & Renovation Lending Guide for additional guidelines surrounding Cardinal’s lender responsibilities for the HomeStyle Renovation program.						
Loan Agreement	A Renovation Loan Agreement is a written agreement between the borrower and the lender. This agreement must be fully executed by both Cardinal and the borrower at closing and dated the same date as the note. Refer to Chapter 22 Construction & Renovation Lending Guide for additional guidelines surrounding the Loan Agreement.						
Loan Amount Calculation	<table border="1" style="width: 100%; text-align: center;"> <tr> <th colspan="3" style="background-color: #cccccc;">Maximum Financed Renovation Costs</th> </tr> <tr> <td style="width: 33%;">Purchase Transaction</td> <td style="width: 33%;">No Cash Out Refinance</td> <td style="width: 33%;">Manufactured Homes</td> </tr> </table>	Maximum Financed Renovation Costs			Purchase Transaction	No Cash Out Refinance	Manufactured Homes
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 		
<p>Loan to Value (LTV) - Determining Value</p>	<table border="1"> <tr> <td data-bbox="462 1617 714 1743"> <p>Transaction Type</p> </td> <td data-bbox="714 1617 1518 1743"> <p>Value Used to Determine LTV</p> </td> </tr> </table>			<p>Transaction Type</p>	<p>Value Used to Determine LTV</p>
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Total Renovation Costs

- Total Cost of Improvements, Repairs and Alterations,
- 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),
 - A payment reserve of 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 due to the renovations. (If monthly HOA fees are included in the payment, the borrower must pay outside of the renovation escrow account).
- Other Costs (i.e., fees for appraisals, review of renovation plans)
- Note: An amount for sweat equity may not be factored into the renovation costs.

Maximum Loan Amount

- Purchase: Lesser of Acquisition Cost or “As Completed” Appraised Value x applicable LTV
- Refinance: “As Completed” Appraised Value x applicable LTV

	<table border="1"> <tr> <td>Purchase</td> <td>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>No Cash Out Refinance</td> <td>Value is the “As Completed” appraised value of the property</td> </tr> </table>	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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No Cash Out Refinance	Value is the “As Completed” appraised value of the property				
Mortgage Insurance	Follow DU Findings				
Occupancy	<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 • Investment <ul style="list-style-type: none"> ○ Not eligible for temporary buydowns 				
Refinance Transactions	<ul style="list-style-type: none"> • HomeStyle Renovation mortgage loans originated as a limited cash-out refinance may include: <ul style="list-style-type: none"> ○ The amount required to satisfy the existing first mortgage; ○ The amount required to satisfy any outstanding subordinate mortgage liens that were used to acquire the property; ○ Closing costs, prepaid fees, and points; and ○ The total renovation costs, including allowable renovation-related costs for the home improvements up to the maximum permitted LTV and CLTV ratios. • Proceeds may not be used to disburse cash out to the borrower <ul style="list-style-type: none"> ○ Fannie Mae standard limited cash-out refinance of 2% or \$2,000, whichever is less, is NOT PERMITTED for this product. • The borrower may not obtain any other funds from the transaction. Excess funds, if any, after renovations are completed, may be applied to the loan balance as a curtailment or may be reimbursed to the borrower for the cost of actual supplies or additional renovations for which paid receipts are provided. The value of sweat equity may not be reimbursed. 				
Renovation Completion	<ul style="list-style-type: none"> • All renovations must be completed within 15 months of the Note date • A title update through the date the renovation was completed is required • Lien Waiver <ul style="list-style-type: none"> ○ Before the final disbursement is made upon completion of the renovation, a lien waiver from the contractor, all subcontractors, and suppliers or a clear title report that releases all contractor, subcontractor, and supplier liens must be obtained. • Refer to Chapter 22 Construction & Renovation Lending Guide for additional guidelines surrounding Renovation Completion. 				
Special Feature Code for Delivery Post Closing	<ul style="list-style-type: none"> • HomeStyle Renovation must be delivered with the appropriate special feature codes (SFCs): 				

	<ul style="list-style-type: none"> ○ HomeStyle Renovation - SFC 215 <ul style="list-style-type: none"> ■ Loan is delivered with recourse ○ If renovations are completed at or prior to loan delivery - SFC 279 <ul style="list-style-type: none"> ■ No recourse obligation applies ○ If used with Community Seconds - SFC 118
Subordinate Financing	Follow Agency guidelines
Temporary Buydown	<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"> ● 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. ● The buydown funds may be provided by various parties, including the borrower, the lender, the property seller, or other interested parties to the transaction. <p>General Requirements for Temporary Interest Rate Buydown Plans</p> <ul style="list-style-type: none"> ● Buydown program is “3-2-1” <ul style="list-style-type: none"> ○ Interest rate for the first year is 3% lower than the Note rate ○ Interest rate for the second year is 2% lower than the Note rate ○ Interest rate for the third year is 1% lower than the Note rate ○ Interest rate for the remaining years is the Note rate ● Buydown program is “2-1” <ul style="list-style-type: none"> ○ Interest rate for the first year is 2% lower than the Note rate ○ Interest rate for the second year is 1% lower than the Note rate ○ Interest rate for the remaining years is the Note rate ● Buydown program is “1-1” <ul style="list-style-type: none"> ○ Interest rate for the first year is 1% lower than the Note rate ○ Interest rate for the second year is 1% lower than the Note rate ○ Interest rate for the remaining years is the Note rate ● Buydown program is “1-0” <ul style="list-style-type: none"> ○ Interest rate for the first year is 1% lower than the Note rate ○ Interest rate for the remaining years is the Note rate ● 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. ● At the end of the buydown period, the buydown funds collected at closing will have been exhausted, and the buydown period ends. ● Allowed on fixed-rate mortgages ● Primary residence 1-4 unit dwelling ● Second home ● Eligible for double-width manufactured homes ● Purchase or rate and term refinance ● Rate increase will not exceed 1% per year ● The mortgage instruments must reflect the permanent payment terms rather than the terms of the buydown plan <p>Buydown Funds Provided by Interested Parties to the Transaction</p> <ul style="list-style-type: none"> ● When the source of the buydown funds is an interested party, the Interest Party Contribution limits will apply

	<p>Lender-Funded Buydowns</p> <ul style="list-style-type: none"> • 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. <p>Buydown Agreements</p> <ul style="list-style-type: none"> • 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. • 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. <p>Qualifying the Borrower</p> <ul style="list-style-type: none"> • The borrower is qualified based on the Note rate without any consideration of the bought-down rate <p>Terms of the Buydown</p> <ul style="list-style-type: none"> • The buydown plan provides for increases of not more than 1% in the interest rate paid in each 12-month interval <p>Buydown Funds</p> <ul style="list-style-type: none"> • Funds for buydown accounts must be deposited into custodial bank accounts • The buydown funds are applied toward payments as they come due under the Note • Buydown funds are not refundable unless the mortgage is paid off before all funds have been applied • Buydown funds cannot be used to pay past-due payments <p>Delivery Requirements</p> <ul style="list-style-type: none"> • Special Feature Code SFC 009 is used for Fannie Mae deliveries for a 2-1, 1-1 and 1-0 Buydown • Special Feature Code SFC 014 is used for Fannie Mae deliveries for a 3-2-1 Buydown
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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