

## Product Snapshot

# Fannie Mae RefiNow | TPO

The Fannie Mae RefiNow refinance program offers expanded eligibility to borrowers at or below 100% of the area median income (AMI) limit to help take advantage of lower interest rates and improve affordability by reducing monthly housing payments. The existing mortgage being refinanced must be owned or securitized by Fannie Mae.

Primary Residence - Rate and Term Refinance Fixed Rate			
Property Type	LTV/CLTV <sup>2</sup>	Min Credit Score	Max DTI <sup>3</sup>
1-Unit	97% <sup>1</sup>	550	Lessor of 65% or DU

<sup>1</sup> LTV, CLTV, and HCLTV Ratios Greater than 95%, at least one borrower on the loan must have a credit score  
<sup>2</sup>The CLTV ratio may exceed the limits stated in the matrices up to 105% only if the subordinate lien is a Community Seconds transaction  
<sup>3</sup>Maximum 50% DTI for properties located in West Virginia regardless of AUS approval

Program Parameters	
<b>Acceptable Transaction Terms</b>	Fixed Rate <ul style="list-style-type: none"> <li>Conforming 10 Year Fixed Rate FNMA RefiNow C10RN</li> <li>Conforming 15 Year Fixed Rate FNMA RefiNow C15RN</li> <li>Conforming 20 Year Fixed Rate FNMA RefiNow C20RN</li> <li>Conforming 25 Year Fixed Rate FNMA RefiNow C25RN</li> <li>Conforming 30 Year Fixed Rate FNMA RefiNow C30RN</li> </ul>
<b>Eligible Transactions</b>	<ul style="list-style-type: none"> <li>Limited Cash-out Refinance</li> </ul>
<b>Loan Type</b>	Fixed Rate only
<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>

Program Requirements	
<b>New Loan Eligibility</b>	The new RefiNow loan must: <ul style="list-style-type: none"> <li>Be a limited cash-out refinance with cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan</li> </ul>

	<ul style="list-style-type: none"> <li>● Have identical borrowers on the new loan as the existing loan. New borrowers cannot be added or removed. One or more borrowers may only be removed if: <ul style="list-style-type: none"> <li>○ the remaining borrowers meet the payment history requirements and provide evidence that they have made at least the last 12 months of payments from their own funds, or</li> <li>○ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file)</li> </ul> </li> </ul> <p>Note: The RefiNow option may only be used one time</p>
<b>Existing Loan Eligibility</b>	<p>The existing loan must:</p> <ul style="list-style-type: none"> <li>● Be a conventional mortgage loan owned or securitized by Fannie Mae</li> <li>● Be seasoned at least 12 months (from the original note date to new loan note date)</li> <li>● Not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required)</li> <li>● Not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan</li> </ul>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>● Standard property valuation requirements for an appraisal waiver or appraisal apply</li> <li>● A \$500 credit will be provided to the lender at the time the loan is purchased if an appraisal was obtained for the transaction. The lender must pass the credit to the borrower</li> <li>● NOTE: The appraisal credit will be applied based on the delivery of Special Feature Code (SFC) 868 and data in the Loan Delivery file that indicates an appraisal was obtained for the transaction</li> </ul>
<b>Benefit to Borrower</b>	<p>The refinanced loan must provide the following benefits to the borrower:</p> <ul style="list-style-type: none"> <li>● A reduction in interest rate of at least 50 basis points, and</li> <li>● A reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (where applicable). Reduction may be in any amount.</li> </ul>
<b>Borrower Eligibility</b>	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> <li>● U.S. citizens, permanent resident aliens</li> <li>● Non-permanent resident aliens</li> <li>● Non-occupant co-borrowers</li> <li>● The borrower(s) income must be less than or equal to 100% of the applicable <a href="#">AMI limit</a> for the subject property's location</li> </ul> <p>Non-occupant Borrowers are permitted subject to the following:</p> <ul style="list-style-type: none"> <li>● Maximum LTV/CLTV/HCLTV ratio of 95%</li> <li>● CLTV ratio may be up to 105% when a Community Second is being subordinated</li> </ul>
<b>Derogatory Credit Events</b>	<ul style="list-style-type: none"> <li>● The borrower must comply with all applicable waiting periods following derogatory credit events in accordance with the Selling Guide</li> <li>● Exception: The LTV ratio limitation that applies to a previous foreclosure is not applicable – standard LTV ratios are permitted</li> </ul>

**Documentation Requirements**

The following table describes the income documentation requirements

Income Type	Minimum Documentation Requirements
Base Pay- Non Variable	The borrower's most recent YTD paystub dated no earlier than 30 days prior to the loan application date
Base Pay- Variable including Tip, Bonus, Overtime and Commission	The borrower's most recent YTD paystub and W2 covering the most recent one-year period
Military Income	Military Leave and Earnings Statement
Self-Employment	One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the Selling Guide
Alimony, Child Support, Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt
All other Eligible Income Types	Standard Selling Guide requirements apply

The following additional documentation requirements apply, in all cases:

- Verbal verification of employment (employment or self-employment) is required in accordance with the Selling Guide
- Verification of funds to close are required
  - Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance
  - For casefiles submitted or resubmitted on or after August 20, 2022, if funds required to be verified are in an amount of \$500 or less, asset documentation may no longer be required
- Verification and consideration of recurring alimony and child support payments as a liability, if applicable, are required
  - Acceptable documentation includes a copy of the divorce decree, separation agreement, court order, or equivalent documentation confirming the amount of the obligation

Casefiles submitted or resubmitted on or after August 20, 2022 will be updated to issue employment documentation messages specific to the RefiNow when the documentation requirements are different than Standard documentation requirements, or when documentation requirements align between Standard documentation and RefiNow documentation requirements.

Casefiles submitted or resubmitted on or after the weekend of September 18, 2021 are eligible for income, asset and/or employment validation through the DU validation service, provided all existing FNMA DU validation service requirements are met.

<b>Housing Payment History</b>	<ul style="list-style-type: none"> <li>● For the loan being refinanced, the borrower cannot have had: <ul style="list-style-type: none"> <li>○ Any 30-day mortgage delinquencies in the most recent six-month period, and</li> <li>○ No more than one 30-day delinquency in months 7 through 12</li> </ul> </li> </ul>																																				
<b>Income Limits</b>	<ul style="list-style-type: none"> <li>● The borrower(s) income must be less than or equal to 100% of the applicable <a href="#">AMI limit</a> for the subject property’s location <ul style="list-style-type: none"> <li>○ DU will provide income eligibility based on the property address input in DU</li> </ul> </li> <li>● In determining whether a loan is eligible under the borrower income limits, income from all borrowers who will sign the note must be considered</li> <li>● The lender must use the same methodology in determining income eligibility for a RefiNow loan as they use in reporting “Monthly Income” in Loan Delivery</li> </ul>																																				
<b>Loan Limits</b>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #e0e0e0;"> <th colspan="3">2023 Conforming Loan Limits</th> </tr> <tr style="background-color: #003366; color: white;"> <th>Units</th> <th>Contiguous States</th> <th>Alaska and Hawaii</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>\$726,200</td> <td>\$1,089,300</td> </tr> <tr> <td>Two</td> <td>\$929,850</td> <td>\$1,394,775</td> </tr> <tr> <td>Three</td> <td>\$1,123,900</td> <td>\$1,685,850</td> </tr> <tr> <td>Four</td> <td>\$1,396,800</td> <td>\$2,095,200</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #e0e0e0;"> <th colspan="3">2024 Conforming Loan Limits</th> </tr> <tr style="background-color: #003366; color: white;"> <th>Units</th> <th>Contiguous States</th> <th>Alaska and Hawaii</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>\$766,550</td> <td>\$1,149,825</td> </tr> <tr> <td>Two</td> <td>\$981,500</td> <td>\$1,472,250</td> </tr> <tr> <td>Three</td> <td>\$1,186,350</td> <td>\$1,779,525</td> </tr> <tr> <td>Four</td> <td>\$1,474,400</td> <td>\$2,211,600</td> </tr> </tbody> </table>	2023 Conforming Loan Limits			Units	Contiguous States	Alaska and Hawaii	One	\$726,200	\$1,089,300	Two	\$929,850	\$1,394,775	Three	\$1,123,900	\$1,685,850	Four	\$1,396,800	\$2,095,200	2024 Conforming Loan Limits			Units	Contiguous States	Alaska and Hawaii	One	\$766,550	\$1,149,825	Two	\$981,500	\$1,472,250	Three	\$1,186,350	\$1,779,525	Four	\$1,474,400	\$2,211,600
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<b>Mortgage Insurance (MI)</b>	<ul style="list-style-type: none"> <li>● All standard mortgage insurance requirements apply in accordance with the Selling Guide</li> <li>● The following providers are eligible for use with this program: <ul style="list-style-type: none"> <li>○ National MI</li> <li>○ Enact/ Genworth <ul style="list-style-type: none"> <li>■ Maximum DTI 50%</li> </ul> </li> </ul> </li> <li>● The following providers are eligible for use with this program only if they</li> </ul>																																				

	<p>hold the policy on the existing loan being refinanced:</p> <ul style="list-style-type: none"> <li>○ Radian</li> <li>○ MGIC</li> <li>○ Essent</li> <li>○ Arch</li> </ul> <ul style="list-style-type: none"> <li>● MGIC and Enact are the the only eligible MI providers for single-wide manufactured homes</li> </ul> <p>Note: Program acceptability will be determined by the individual MI provider for credit scores below 620</p>
<b>Occupancy Type</b>	<ul style="list-style-type: none"> <li>● Primary residence only</li> </ul>
<b>Property Type</b>	<p>Eligible Properties</p> <ul style="list-style-type: none"> <li>● 1-Unit Properties</li> <li>● Eligible Condos*</li> <li>● PUDs*</li> <li>● Manufactured Housing <ul style="list-style-type: none"> <li>○ Manufactured homes may be eligible for financing according to AUS feedback. LTV limits may apply, not to exceed standard FNMA ratios specific to property type</li> </ul> </li> </ul> <p>*Project Review Requirements</p> <ul style="list-style-type: none"> <li>● All project review requirements will be waived for properties located in a condo or PUD project</li> <li>● The lender must confirm the project is not a condo hotel or motel, houseboat, timeshare or segmented ownership project</li> <li>● The lender must comply with the requirements of <a href="#">LL-2021-14</a>, Temporary Requirements for Condo and Co-op Projects</li> <li>● Appropriate property and flood insurance must be obtained</li> </ul>
<b>Reserves</b>	As outlined in Desktop Underwriter
<b>Subordinate Financing</b>	<p>Existing subordinate financing</p> <ul style="list-style-type: none"> <li>● May not be satisfied with the proceeds of the new loan;</li> <li>● Can remain in place if it is resubordinated to the new loan; and</li> <li>● May be simultaneously refinanced with the existing first lien mortgage, provided that: <ul style="list-style-type: none"> <li>○ the unpaid principal balance (UPB) of the new subordinate lien is not more than the UPB of the subordinate lien being refinanced at the time of payoff, and</li> <li>○ there is no increase in the monthly principal and interest payment on the subordinate lien</li> </ul> </li> <li>● New subordinate financing is only permitted if it replaces existing subordinate financing</li> </ul>
<b>Transactions</b>	<p>Ineligible Transactions</p> <ul style="list-style-type: none"> <li>● Texas Section 50(a)(6)</li> <li>● Temporary interest rate buydowns</li> <li>● RefiNow combined with a HomeReady refinance transaction</li> <li>● Land Contracts</li> <li>● On-frame modular construction</li> </ul>

	<ul style="list-style-type: none"> <li>● Boarding houses</li> <li>● Bed and Breakfast properties</li> <li>● Properties that are not suitable for year-round occupancy regardless of location</li> <li>● Agricultural properties, such as farms or ranches</li> <li>● Properties that are not readily accessible by roads that meet local standards</li> <li>● Vacant land or land development properties</li> <li>● Properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations</li> <li>● State-approved medical marijuana producing properties</li> <li>● Properties with water sourced by a river</li> <li>● Properties located on Tribal Lands which include section 184</li> <li>● Hawaiian properties in Lava Zones 1 and 2</li> <li>● Properties located in the Department of Hawaiian Home Lands Leasehold (DHHL)</li> <li>● 2-4 unit dwelling</li> <li>● Manufactured home with a Manufactured Home Accessory Dwelling Unit (ADU)</li> </ul>
<p><b>Underwriting Method</b></p>	<ul style="list-style-type: none"> <li>● Loans must be underwritten by Desktop Underwriter (DU) and receive an Approve/Eligible recommendation</li> <li>● DU will automate the identification of loan casefiles that appear to be eligible for RefiNow based on the borrower(s) listed on the loan application, the property address, qualifying income, and several other factors</li> <li>● Manual underwriting is not permitted</li> </ul>

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