

Third Party Origination Product Snapshot

FHA Section 247 | Department Hawaiian Home Lands (DHHL)

Cardinal Financial offers the Hawaiian Home Lands Purchase and Refinance FHA Fixed and ARM, subject to eligibility requirements below. FHA insures mortgages made to Native Hawaiians to purchase or refinance one to four family dwellings located on Hawaiian Home Lands, which are owned by the state of Hawaii, Department of Hawaiian Home Lands (DHHL) and leased to Native Hawaiians for 99 year lease terms.

Purchase			
Property Type	Maximum DTI	LTV/CLTV	Manual Underwrite Permitted
Non-Traditional Credit			
1-4 Unit Manufactured Home ⁵	31% / 43% ²	96.5% / 96.5%	Yes
Minimum FICO 550			
1-4 Unit Manufactured Home ⁵	Per AUS Approval	90% ¹	No
	Manual Underwrite: 31%/43% ²		Yes
Minimum FICO 580			
1-4 Unit Manufactured Home ⁵	Per AUS Approval	96.5% ¹	No
	Manual Underwrite: 31%/43%		Yes
Minimum FICO 620			
Non-Arms Length Transaction (Identity of Interest) (1-4 Unit only)	Per AUS Approval	85%/85%	No
	Manual Underwrite: 31%/43%		Yes
\$100 Down Payment Program (1-2 Unit only)	Per AUS Approval	100% ³	Refer: No Approve/Ineligible: Yes ⁴
	Manual Underwrite: 31%/43%		

Footnotes

¹ Refer to the Secondary Financing section

² No exceptions to DTI restriction at 43% and cannot use compensating factors

³ 110% CLTV permitted with HUD 203(b) Repair Escrow / \$100 Down with HUD 203(b) Repair Escrow

⁴ Automated Underwriting Findings will result in Approve/Ineligible findings when the loan amount exceeds the FHA maximum loan amount calculation. The underwriter will validate that the reason for the ineligible is only as a result of the HUD REO \$100 LTV and no other ineligibility reasons are allowed.

⁵ Manufactured Homes are ineligible for high balance loan amount

Rate and Term Refinance

Property Type	Maximum DTI	LTV/CLTV	Manual Underwrite Permitted
Non-Traditional Credit			
1-4 Unit Manufactured Home ³	31% / 43% ²	85% / 85%	Yes
Minimum FICO 550			
1-4 Unit Manufactured Home ³	Per AUS Approval	90% ¹	No
	Manual Underwrite: 31% / 43% ²		Yes
Minimum FICO 580			
1-4 Unit Manufactured Home ³	Per AUS Approval	97.75% ¹	No
	Manual Underwrite: 31% / 43%		Yes

Footnotes

¹ Refer to the Secondary Financing section

² No exceptions to DTI restriction at 43% and cannot use compensating factors

³ Manufactured Homes are ineligible for high balance loan amount

Cash-Out Refinance

Property Type	Maximum DTI	LTV/CLTV	Manual Underwrite
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			Permitted ¹
Minimum FICO 580			
1-4 Unit, Manufactured Home	Per AUS Approval	75%/75% ²	No
	Manual Underwrite: 31% / 43% ¹		Yes
Footnotes			
¹ No exceptions to DTI restriction at 43% and cannot use compensating factors ² May be increased to 85 percent when the Borrower is paying off an existing Mortgage and all remaining proceeds are used for documented home improvements.			

Program Parameters											
Acceptable Transaction Terms	<ul style="list-style-type: none"> ● Fixed Rate 										
Octane Product Codes	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Product Codes</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">FHA30HH</td> <td style="text-align: center;">FHA 30 Year Fixed Rate Hawaiian Home Lands</td> </tr> <tr> <td style="text-align: center;">FHA15HH</td> <td style="text-align: center;">FHA 15 Year Fixed Rate Hawaiian Home Lands</td> </tr> <tr> <td style="text-align: center;">FHA15HHMU</td> <td style="text-align: center;">FHA 15 Year Fixed Rate Hawaiian Home Lands - Manual UW</td> </tr> <tr> <td style="text-align: center;">FHA30HHMU</td> <td style="text-align: center;">FHA 30 Year Fixed Rate Hawaiian Home Lands - Manual UW</td> </tr> </tbody> </table>	Product Codes		FHA30HH	FHA 30 Year Fixed Rate Hawaiian Home Lands	FHA15HH	FHA 15 Year Fixed Rate Hawaiian Home Lands	FHA15HHMU	FHA 15 Year Fixed Rate Hawaiian Home Lands - Manual UW	FHA30HHMU	FHA 30 Year Fixed Rate Hawaiian Home Lands - Manual UW
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Eligible Terms	<ul style="list-style-type: none"> ● Primary Residence Only <ul style="list-style-type: none"> ○ Purchase ○ Rate and Term Refinance ○ Cash-Out Refinance <ul style="list-style-type: none"> ■ Cash-Out Refinancing for the purpose of debt consolidation is not permitted ■ If borrower is receiving cash back, a written attestation confirming funds will not be used for debt consolidation will be required 										
Overlays	<ul style="list-style-type: none"> ● Refer to the Wholesale Lending Product Overlay Matrix for any applicable Carinal overlays 										
Eligible Borrowers	<ul style="list-style-type: none"> ● Native Hawaiian who is 18 years of age and certified as eligible to hold an Hawaiian Home Lands Lease, or possesses an lease of Hawaiian Home Lands issued under Section 207(a) of the Hawaiian Homes Commission Act, 1920, that has been certified by the Department of Hawaiian Home Lands as being an valid current lease and not in default. ● Only eligible borrower is the Lessee ● All other relatives used to qualify must be co-signers and must occupy property 										
Eligible Properties	<ul style="list-style-type: none"> ● Department Hawaiian Home Lands (DHHL) Leased Land Only ● Owner Occupied Only ● 1-4 Unit single family homes ● Townhomes 										

	<ul style="list-style-type: none"> ● PUDS ● FHA approved condominium projects ● Manufactured homes where the rehabilitation does not affect the structural components of the structure that were designed and constructed in conformance with the Federal Manufactured Construction and Safety standards and must comply with the following requirements: <ul style="list-style-type: none"> ○ Designed as a one-family dwelling; have a floor area of not less than 400 square feet; ○ Single-width or greater permitted ○ Have the HUD Certification Label affixed or have obtained a letter of label verification issued on behalf of HUD, evidencing the house was constructed on or after June 15, 1976, in compliance with the Federal Manufactured Home Construction and Safety Standards ○ Be classified as real estate (but need not be treated as real estate for purposes of state taxation); ○ Be built and remain on a permanent chassis ○ Be designed to be used as a dwelling with a permanent foundation built in accordance with the Permanent Foundations Guide for Manufactured Housing (PFGMH); ○ Have been directly transported from the manufacturer or the dealership to the site <p>The mortgaged property must be located within the Hawaiian Home Lands covered under a homestead lease issued under Section 207(a) of Hawaiian Homes Commission Act, 1920.</p>
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<p>Ineligible Transactions</p>	<ul style="list-style-type: none"> ● Second homes ● Investment properties ● Community Land Trusts ● HUD Escrow Repair Transactions ● \$100 Down HUD REO Transactions ● 203 K Transactions ● Condotels, leaseholds, timeshares ● State-approved medical marijuana producing properties ● Homes that have never been completed ● Homes that have been completely demolished ● Properties on stilts, posts, or piers ● Co-ops, commercial or industrial zoned properties, mixed-used ● Working farms, construction to permanent, land contracts ● Unique properties such as log homes, berm homes, properties located in the area of Wrightwood, CA ● And/or any other ineligible properties as defined by HUD Handbook 4000.1. ● Escrow waivers are not permitted ● Life Estates ● Blind Trusts ● Irrevocable Trusts ● 1031 Exchanges ● LLC's, Corporations and Partnerships ● Loans with qualifying income earned from state-legalized marijuana businesses, as this is not considered as legally-derived income based on Federal law ● Temporary Buydowns ● Texas Cash-Out 50 (a) (6) Transactions ● Negative Equity Refinance transactions (including short pay off of subject property) ● Energy Efficient Mortgages (EEM) ● Mortgage Credit Certificate (MCC) ● Leasehold Condos ● Lava Zone 1 and 2 are ineligible ● Cooperatives ● Land Contracts ● On-frame modular construction ● Boarding houses that are not residential in nature ● Bed and Breakfast properties ● Properties that are not suitable for year-round occupancy regardless of location
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	<ul style="list-style-type: none"> • 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 encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations • State-approved medical marijuana producing properties • Properties with more than 1-unit where one or more of the units is a manufactured home • Properties with water sourced by a river • Properties located on Tribal Lands which include section 184 • Community Land Trusts or Blind Trusts • Transactions where a Mortgage Credit Reject (MCR) reflects a Credit Alert Sanction related to misrepresentation or fraud with another lender against one or more of our borrowers • Transactions with Credit Scores below 620 are ineligible when a Mortgage Credit Reject (MCR) from another lender was issued for the borrower in FHA Connection 											
Certificate of Eligibility	<ul style="list-style-type: none"> • The borrower is required to provide a copy of the Certificate of Eligibility issued by DHHL • Certificates of Eligibility certify that the Borrower possesses a homestead lease in good standing (not canceled or in default) • The Mortgagee must verify and obtain documentation that the Borrower has a Certificate of Eligibility for an existing Hawaiian Home Lands lease issued by DHHL, or possesses a lease of Hawaiian Home Lands issued under Section 207(a) of the Hawaiian Homes Commission Act, 1920 (42 Stat. 110) 											
Homestead Lease	<ul style="list-style-type: none"> • The borrower must provide a copy of the recorded original homestead lease issued by DHHL that identifies the proposed Borrower as the lessee or the original homestead lease plus documentation of the chain of succession or assignment of the homestead lease to the borrower • Homestead lease must be valid an additional 5 years to mortgage term • Payments must be current • Lease payment for DHHL is \$1 per year. \$.09/mo 											
Mortgage Insurance (MI)	<ul style="list-style-type: none"> • Mortgage Insurance Premium (MIP) payment on a Section 247 Mortgage is a one-time upfront MIP of 380 basis points • Annual or periodic MIPs are not assessed on Section 247 Mortgages 											
Consent to Mortgage	<ul style="list-style-type: none"> • Consent to mortgage may have a mortgage insurance rider • Must be signed and recorded with mortgage 											
Secondary Financing	<ul style="list-style-type: none"> • FHA eligible Down Payment Assistance programs are allowed if the program is approved by Cardinal. • Down Payment Assistance programs from government entities are permitted in accordance with FHA's guidelines. • Rate and Term refinance transactions restricted to 85% if the borrower has not occupied as a primary residence for the 12 months prior to the case assignment, or if owned less than 12 months has not occupied the property since acquisition, See Chapter 12 of the Lending Guide for Additional Details. • All other sources of secondary financing must meet FHA's requirements. <p>Subordinate Financing Restrictions</p> <table border="1" data-bbox="488 1633 1539 1892"> <thead> <tr> <th colspan="3">Combined LTV and Maximum Mortgage Amount with Secondary Financing</th> </tr> <tr> <th>Entity Type</th> <th>CLTV</th> <th>Maximum Loan Amount</th> </tr> </thead> <tbody> <tr> <td>Governmental Entity and HOPE Grantee</td> <td>No max. CLTV for secondary financing loans</td> <td rowspan="2">The insured first mortgage may not exceed the FHA Nationwide Mortgage Limit for the area in which the Property is located.</td> </tr> <tr> <td>HUD-Approved Nonprofit</td> <td>No max. CLTV for secondary</td> </tr> </tbody> </table>	Combined LTV and Maximum Mortgage Amount with Secondary Financing			Entity Type	CLTV	Maximum Loan Amount	Governmental Entity and HOPE Grantee	No max. CLTV for secondary financing loans	The insured first mortgage may not exceed the FHA Nationwide Mortgage Limit for the area in which the Property is located.	HUD-Approved Nonprofit	No max. CLTV for secondary
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		financing loans	
	Family Members	Base Loan Amount and secondary financing amount must not exceed 100 percent of the Adjusted Value	
	Private Individuals and Other Organizations	Base Loan Amount and secondary financing amount must not exceed the applicable FHA Loan-to-Value (LTV) limit	The Base Loan Amount <u>and</u> secondary financing amount must not exceed the Nationwide Mortgage Limit for the area in which the Property is located.



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