

Product Snapshot

FHA Streamline Refinances

Cardinal Financial offers FHA streamline refinances subject to the eligibility requirements below. Streamline refinances do not require an appraisal and are available both as credit qualifying with a credit score or non-credit qualifying with or without a credit score.

Credit Qualifying Streamline Refinance - Conforming & High Balance			
Property Type	Maximum DTI	LTV/CLTV	Manually Underwritten
Minimum FICO 550			
1-4 Unit, Manufactured Home	31% / 43%	N/A	Yes
Minimum FICO 620			
1-4 Unit, Manufactured Home	31% / 43% ¹	N/A	Yes
Documentation Requirements			
<ul style="list-style-type: none"> • Full tri-merge credit report required for applicants and non-borrowing spouse in community property states • Complete 1003, including, employment, income, assets and liabilities required • Standard income and asset documentation is required. Refer to Chapter 12 Credit FHA Lending Guide for detailed underwriting requirements. 			
<p>¹See additional Manual UW requirements in program parameters - with compensating factors maximum DTI could go to 50%</p>			

Non-Credit Qualifying Streamline Refinance - Conforming & High Balance			
Property Type	Maximum DTI	LTV/CLTV	Manually Underwritten
Without Credit Score			
1-4 Unit Manufactured Home	N/A	N/A	Yes
With Minimum FICO 550			
1-4 Unit Manufactured Home	N/A	N/A	Yes
Documentation Requirements			

- West Virginia
 - Loans must be underwritten as Credit Qualifying Streamline Refinance
 - Max DTI 50%
- Mortgage only credit report with credit score for the subject property only
- Credit and Income verification not required
- Verification of Residency not required

Program Parameters	
Eligible Terms	<p>Fixed Rate Products</p> <p>Adjustable Rate Products</p> <ul style="list-style-type: none"> ● FHA 3/1 ARM Streamline NonQualifying with Credit Score ● FHA 3/1 ARM Streamline NonQualifying with No Credit Score ● FHA 3/1 ARM Streamline Qualifying with Credit Score ● FHA 3/1 ARM High Balance Streamline Qualifying with Credit Score ● FHA 3/1 ARM High Balance Streamline NonQualifying with Credit Score ● FHA 3/1 ARM High Balance Streamline NonQualifying with No Credit Score ● FHA 5/1 ARM Streamline NonQualifying with Credit Score ● FHA 5/1 ARM Streamline NonQualifying with No Credit Score ● FHA 5/1 ARM Streamline Qualifying with Credit Score ● FHA 5/1 ARM High Balance Streamline Qualifying with Credit Score ● FHA 5/1 ARM High Balance Streamline NonQualifying with Credit Score ● FHA 5/1 ARM High Balance Streamline NonQualifying with No Credit Score
Eligible Transactions	<ul style="list-style-type: none"> ● Credit Qualifying Streamline Refinance with Credit Score (QCS) ● Non-Credit Qualifying Streamline with Credit Score (NQCS) ● Non-Credit Qualifying Streamline without Credit Score (NQNCS) ● Fixed and Adjustable Rate Mortgage (ARM) ● Investment Properties ● Maximum Loan Term is the lesser of: <ul style="list-style-type: none"> ○ 30 years, OR ○ The remaining term of the existing Mortgage plus 12 years
Overlays	<ul style="list-style-type: none"> ● Refer to the Wholesale Lending Product Overlay Matrix for any applicable Carinal overlays
Cash Reserves	A minimum of one month's payment reserve (cash reserve) will be required for LTV of 96.0% or greater AND a Decision Credit Score of 659 or lower.
Eligible Borrowers	<p>U.S. citizens, permanent resident aliens, non-permanent resident aliens</p> <ul style="list-style-type: none"> ● Non-Credit Qualifying Streamline Refinances do not require verification of the borrower's residency <p>Credit Qualifying At least one borrower from an existing mortgage must remain as a borrower on the new mortgage.</p> <p>Non-Credit Qualifying</p>

	<p>A Borrower is eligible for a Streamline Refinance without credit qualification if all Borrowers on the existing Mortgage remain as Borrowers on the new Mortgage with the exception of the following:</p> <ul style="list-style-type: none"> ● Removing a borrower: A Borrower on the subject mortgage may be removed from title and new mortgage in cases of divorce, legal separation or death when: <ul style="list-style-type: none"> ○ The divorce decree or legal separation agreement awarded the Property and responsibility for payment to the remaining Borrower, if applicable; and ○ The remaining Borrower can demonstrate that they have made the mortgage Payments for a minimum of six months prior to case number assignment. In cases of divorce, the payment must be from the remaining borrower's sole account ● Adding a borrower <p>If the parameters above cannot be met, the transaction must be credit-qualifying</p>
<p>Eligible Properties</p>	<ul style="list-style-type: none"> ● Attached/detached SFRs ● Attached/detached PUDs ● Condos ● 2–4 Units ● Manufactured Housing <ul style="list-style-type: none"> ○ Single-width or greater permitted ● Texas Section 50 (a) (6) Transactions are not permitted ● Transactions with secondary financing made or held by a private entity, bank, family member, governmental entity or non profit that meet the parameters outlined in the lending guide.
<p>Ineligible Transactions</p>	<ul style="list-style-type: none"> ● Escrow waivers are not permitted ● Life Estates ● Blind Trusts ● Irrevocable Trusts ● 1031 Exchanges ● LLC's, Corporations and Partnerships ● Community Land Trusts ● 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) ● Hawaiian properties in Lava Zones 1 and 2

<p>Maximum Base Loan Amount Streamline Refinances</p>	<p>Primary Residence</p> <ul style="list-style-type: none"> ● Maximum Base Loan Amount is the lesser of: <ul style="list-style-type: none"> ○ The outstanding principal balance of the existing mortgage as of the month prior to the mortgage disbursement, plus: <ul style="list-style-type: none"> ■ Interest due on the existing mortgage (may include up to two months interest charged by an existing lender when the payoff is not received on the first day of the month; may not include delinquent interest); ■ Late charges; ■ Escrow shortages; and ■ MIP due on the existing mortgage; or ○ The original principal balance of the existing mortgage (including financed UFMIP) ● Less any refund of UFMIP <p>Investment Property Investment properties may only be refinanced for the outstanding principal balance.</p> <p>FHA Streamline Refinance transactions without an appraisal are not subject to FHA Mortgage Limits.</p>
<p>Allowable Sections of the Housing Act</p>	<ul style="list-style-type: none"> ● 203B: Owner Occupied 1-4 Family & Detached Condos <ul style="list-style-type: none"> ○ Detached Condo ADP Code 734 ● 234C: Condo ● 251: Adjustable Rate Mortgages ● Sections of the Housing Act NOT listed are ineligible
<p>Occupancy</p>	<ul style="list-style-type: none"> ● Primary Residence: Either the borrower’s current employment documentation or utility bills are required to evidence that the borrower currently occupies the property as their primary residence <ul style="list-style-type: none"> ○ Information related to income may not be disclosed on a non-credit qualifying streamline; if disclosed, the loan will be underwritten as a credit-qualifying streamline refinance ● If no documentation to support primary residence is obtained, the loan must be processed as an investment property ● Second Homes and Non-owner occupied Properties are only eligible for Streamline Refinancing into a fixed rate Mortgage
<p>Seasoning Requirement for Streamline Refinances</p>	<p>The transaction must meet both FHA and Ginnie Mae requirements in order to ensure compliance.</p> <p>See the Government Loan Seasoning Requirements for details.</p> <p>Manufactured homes: If the property was erected less than 12 months prior to case assignment, it is not eligible for financing</p>
<p>Mortgage Payment History</p>	<p>Credit Qualifying Streamline and Non-Credit Qualifying Streamline:</p> <ul style="list-style-type: none"> ● Must be 0X30 for the most recent 6 months prior to Case Number Assignment ● May be no more than 1X30 in months 7 through 12 prior to Case Number Assignment ● Must be 0X30 after Case Number Assignment through closing

	<p>Example: Case Number Assignment date: 11/21/19 Funding date: 3/29/20 Mortgage payment history From 5/2019 to 11/2019 Must be 0 x 30 (this is the most recent 6 months prior to Case Number Assignment) Mortgage payment history From 4/2019 to 11/2018 No more than 1 x 30 (this is months 7 through 12 prior to Case Number Assignment) Mortgage payment history From 12/2019-2/2020 Must be 0X30 (mortgage payments after Case Number Assignment)</p>
Subordinate Financing	<ul style="list-style-type: none"> Existing subordinate financing may remain in place and must be re-subordinated New subordinate financing is permitted only if proceeds are used to reduce the existing FHA insured principal amount or finance origination fees, other closing costs or discount points associated with the refinance and must meet FHA requirements No CLTV maximum
Cash Back	\$500 max cash back allowed for minor adjustments in closing costs
Appraisal/Collateral Requirements	<ul style="list-style-type: none"> Appraisal not required <ul style="list-style-type: none"> The appraisal value from the FHA Refinance Authorization must be used for LTV/CLTV purposes Properties in FEMA declared disaster areas do not require an inspection unless the loan did not have a Homeowner's policy in effect at the time the disaster was declared Properties listed for sale allowed Condo approval is not required. If approval of a condo project has been withdrawn, only streamlines without an appraisal are allowed
Higher Priced Mortgage Loans	Any mortgage that exceeds HPML tolerances must credit qualify (i.e. verify income and assets) and meet all requirements of FHA Manual Underwriting Requirements. An escrow account must also be established.
Net Tangible Benefit	<p>Refinances must have a net tangible benefit:</p> <ul style="list-style-type: none"> Combined Rate Reduction Changing from an Adjustable to a Fixed Rate Mortgage (ARM to a Fixed) Changing from an Adjustable to an Adjustable without a reduction in term or with a reduction in term of less than three years Reduction in Term <p>Combined Rate refers to the interest rate on the mortgage plus the Mortgage Insurance Premium (MIP) rate. For the specific criteria see the requirements in the HUD Handbook or the FHA underwriting guidelines for more information.</p> <p>For a Reduction in Term the Net Tangible Benefit is met if all of the following apply:</p> <ul style="list-style-type: none"> The remaining amortization period of the existing Mortgage is reduced; and The new interest rate does not exceed the current interest rate; and The combined principal, interest and MIP payment of the new Mortgage does not exceed the combined principal, interest and MIP of the refinanced Mortgage by more than \$50.
Non-Traditional Credit	Not allowed
Funds to Close	If the funds to close are less than the total PITI payment of the new loan, no documentation is required

	<p>Verify borrower's funds to close when the amount needed to close exceeds the amount of the new mortgage payment (PITIA). Documentation must be provided in accordance with standard documentation.</p> <ul style="list-style-type: none"> ● Large deposits must be explained and sourced. ● Large deposits are considered any single deposit in excess of 1% of the appraised value-use value on Refi Authorization.
<p>Credit Documentation</p>	<p>Required Documentation</p> <ul style="list-style-type: none"> ● All borrowers must have a valid Social Security number ● Evidence of Refinance Authorization data and new case number assignment must be obtained from FHA Connection. ● Credit Alert Interactive Voice Response System (CAIVRS) is not required ● The HUD Limited Denial of Partnership (LDP) list and the General Services Administration (GSA) lists must be reviewed for all loans, if any party to the transaction, including the borrower(s), is reflected on these lists, the loan is not eligible. ● Excluded Parties List System - System for Award Management (SAM) clearance required <p>Derogatory Credit</p> <ul style="list-style-type: none"> ● Foreclosure, Deed in Lieu, Short Sales must be a minimum of 3 years from the transfer of title ● Bankruptcy Chapter 7 must be a minimum of 2 years from the transfer of title ● Bankruptcy Chapter 13 minimum of 1 year established payment history is required to prove all plan payments have been made on time <ul style="list-style-type: none"> ○ If Bankruptcy is discharged, no waiting period applies, but mortgage payment history may not have any lates ○ Court approval is required if the bankruptcy is not discharged <p>Note: Exceptions may be allowed on Foreclosure, Deed in Lieu, Short Sale and Bankruptcy 7 timelines if extenuating circumstances can be documented. In no case is a derogatory event less than 12 months acceptable. See the guidelines for requirements.</p>
<p>ARM Terms</p>	
<p>ARM Index</p>	<p>The interest rate governing index will be the 1-Year Constant Maturity Treasury (CMT).</p> <p>The 1-Year CMT is the weekly average yield on U.S. Treasury Securities, adjusted to a constant maturity of one year, as published by the Board of Governors of the Federal Reserve System in its statistical release on Selected Interest Rates (H.15) at https://www.federalreserve.gov/releases/h15/default.htm.</p>
<p>ARM Caps</p>	<ul style="list-style-type: none"> ● 3-year ARMs <ul style="list-style-type: none"> ○ May increase by one percentage point annually after the initial fixed interest rate period, and five percentage points over the life of the Mortgage ● 5-year ARMs <ul style="list-style-type: none"> ○ May increase one percentage point annually, and five percentage points over the life of the Mortgage
<p>ARM Margin</p>	<p>2.00%</p>

Qualifying Rate	The loan must qualify based on payments calculated using the initial interest rate.		
Rate Adjustment	The interest rate must remain constant for an initial period of 3 or 5 years, depending on the ARM program chosen, and then may change annually for the remainder of the mortgage term.		
	Initial Interest Rate Adjustments		
	If the ARM is initially at a fixed interest rate for ...	Then the first adjustment rate change may occur no sooner than ...	And no later than ...
	3 Years	36 months	42 months
5 Years	60 months	66 months	



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