

Product Snapshot

USDA | Refinance



Cardinal Financial offers three refinance options through the USDA Rural Housing (502 Guaranteed) program. These offerings provide the opportunity for borrowers to benefit from a lower interest rate and increase their ability to be successful homeowners.

Applicants must meet all eligibility requirements as outlined in the corresponding Cardinal Lending Guide USDA Chapter and in the USDA Handbook 3555.1.

Primary Residence					
	Property Type	LTV ¹	CLTV	Min Credit Score	Max DTI ^{2,3}
Rate and Term Refinance, Streamline Refinance	1-Unit, Manufactured Housing	100% Market Value Excluding USDA Guarantee Fee	100% Market Value Excluding USDA Guarantee Fee	580	29/41%
				Non-Traditional	29/41%
Streamlined-Assist Refinance	1-Unit, Manufactured Housing	N/A	N/A	N/A	N/A

¹The LTV (loan-to-value) may be exceeded by the financed USDA Guarantee Fee

²Debt Ratio Waivers permitted with compensating factors and minimum credit score of 680; see USDA underwriting guidelines for more information. GUS files that receive an Accept or Accept Full Documentation underwriting recommendation do not require debt ratio waivers; ratios determined by AUS with GUS Accept

³Properties located in West Virginia: loans must be credit qualified, DTI not to exceed 50%

Program Parameters	
Eligible Transactions	<ul style="list-style-type: none"> Rate and Term Non-Streamline Refinance Streamline Refinance Streamlined-Assist Refinance
Acceptable Transaction Terms	<ul style="list-style-type: none"> 30-Year Fixed Rate 30-Year Fixed Rate Streamline Qualifying with No Appraisal 30-Year Fixed Rate Streamlined-Assist
Guarantee Fee	<p>Effective October 1, 2023 - September 30, 2024</p> <ul style="list-style-type: none"> Upfront 1.00% of total loan amount Annual Fee = 0.35% If the upfront Guarantee Fee is financed, please see guidelines for calculation requirements

Maximum Interest Rate	The new loan must be a 30-year fixed rate with an interest rate at or below the current interest rate on the underlying loan and must not exceed the Fannie Mae rate for 30-year fixed rate conventional loans.
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Program Requirements					
Appraisal	Requirement	Rate and Term Non-Streamlined	Streamlined	Streamlined-Assist	
	Full Appraisal Required	Yes	No	No	
Assets	Not required unless non-traditional credit is used to qualify the borrower				
Borrower Eligibility	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> ● All borrowers must have a social security number ● All borrowers must have no CAIVRS claim ● US citizens ● Permanent resident aliens ● Non-permanent resident aliens ● Maximum of 4 borrowers on the mortgage loan ● Non-occupying co-borrowers are not permitted <p>Ineligible Borrowers</p> <ul style="list-style-type: none"> ● Trusts, Corporations, Partnerships 				
Conditional Commitment	<ul style="list-style-type: none"> ● A Conditional Commitment is required on every USDA Rural Housing loan prior to closing. 				
Credit	<p>Credit Reports</p> <ul style="list-style-type: none"> ● Standard credit qualification is required on Non-Streamline and Streamline refinance transactions. ● Credit qualification is not required on a Streamlined-Assist, however, the mortgage rating must be documented with a credit report, mortgage-only credit report or VOM completed by the servicing lender. <p>Derogatory Credit</p> <ul style="list-style-type: none"> ● Follow USDA Guidelines <p>Non-traditional Credit</p> <ul style="list-style-type: none"> ● Manual Underwriting required ● See the Lending Guide for specific requirements 				
Escrows	Required				
Exclusionary Lists	All borrowers must be screened through CAIVRS, LDP, and GSA lists				
4506-C Requirement	Signed IRS Form 4506-C for the previous two tax years must be obtained at the time of loan application. The 4506-C must request full transcripts with all schedules				

<p>GUS Recommendation Types</p>	<p>Rate and Term Non-Streamline and Streamline</p> <ul style="list-style-type: none"> • GUS must be utilized for underwriting <p>Streamlined-Assist</p> <ul style="list-style-type: none"> • GUS is not required, loans must be manually underwritten <p>Manually underwritten loans:</p> <ul style="list-style-type: none"> • Maximum ratios are 29/41 • Debt Ratio Waiver may be requested: <ul style="list-style-type: none"> ◦ At least one acceptable compensating factor must be documented
<p>Household Income</p>	<p>Total adjusted annual income for the household cannot exceed the moderate level for the area</p>
<p>Income</p>	<p>Eligibility</p> <ul style="list-style-type: none"> • To determine if the borrower is eligible, refer to http://eligibility.sc.egov.usda.gov • Follow the USDA underwriting guidelines for income eligibility and verification <p>On October 1, 2023, new ineligible area maps will be updated to the USDA Income and Property Eligibility Site at https://eligibility.sc.egov.usda.gov. The current maps will be moved to the "Previous Eligibility Areas" tab.</p> <p>Single Family Housing Loan Guarantee Processing</p> <p>On October 1, 2023, all properties for new applications must be located in an eligible rural area based on the new eligibility maps. However, a property that is located in an area being changed from rural to non-rural may be approved if all of the following conditions are met:</p> <ul style="list-style-type: none"> • The application is dated and received prior to October 1, 2023, and the Loan Estimate was issued by the lender within 3 days of application receipt, • The applicant has a signed/ratified sales contract on a property that is dated prior to October 1, 2023, • Applicant meets all other loan eligibility requirements <p>If the property is located in an area being changed from rural to non-rural, lenders must provide Rural Development all of the following information in addition to all other required documentation. For loans submitted via the Guaranteed Underwriting System (GUS), the documentation must be uploaded into the system:</p> <ul style="list-style-type: none"> • Copy of the signed/ratified and dated sales contract, • Copy of the Loan Estimate issued to the applicant, • Verification that the property was located in an eligible rural area prior to October 1, 2023 <p>Note: Maps of the "Previous Eligible Areas" (eligibility maps prior to October 1, 2023) will be available on the Eligibility site beginning October 1, 2023. A printout of the map indicating the property address was previously eligible is acceptable.</p> <p>GUS underwriting recommendations will display an INELIGIBLE property determination for property that is no longer located in an eligible rural area. This does not prevent the final submission to Rural Development. The Rural Development reviewer will be able to override the property eligibility determination when the lender has uploaded the required documentation noted above.</p>

Maximum Loan Amount	Transaction Type	Calculation
	Rate and Term Non-Streamlined	<ul style="list-style-type: none"> ● The maximum loan amount may not exceed the new appraised value, with the exception of the upfront guarantee fee ● The following items are eligible to be financed up to the new appraised value: <ul style="list-style-type: none"> ○ The principal and interest balance of the existing loan, ○ Reasonable and customary closing costs, and ○ Funds necessary to establish a new tax and insurance escrow account
	Streamline	<ul style="list-style-type: none"> ● The maximum loan amount may not exceed the original loan amount at the time of purchase, with the exception of the upfront guarantee fee ● The following items are eligible to be financed up to the original purchase price: <ul style="list-style-type: none"> ○ The principal and interest balance of the existing loan and ○ A reasonable fee for reconveyance of the existing USDA mortgage ○ The upfront guarantee fee may be financed above the original purchase price
	Streamlined-Assist	<ul style="list-style-type: none"> ● The maximum loan amount may not exceed the original loan amount with the exception of the upfront guarantee fee ● The maximum loan amount may include: <ul style="list-style-type: none"> ○ The principal and interest balance of the existing loan, ○ Eligible loan closing costs, ○ Funds necessary to establish a new tax and insurance escrow account, and ○ The upfront guarantee fee
Minimum Loan Amount	\$50,000	
Manufactured Housing	<ul style="list-style-type: none"> ● Manufactured Housing that meets the following requirements: <ul style="list-style-type: none"> ○ Must receive GUS Accept Eligible; Manual UW not permitted unless the following exception is met: <ul style="list-style-type: none"> ■ Manual underwriting required for existing construction located in a Pilot State ○ Must be new construction ○ Existing manufactured homes are eligible for financing only if the property was constructed on or after January 1, 2006 and is located in one of the Pilot States as noted below ○ Designed as a one-family dwelling; have a floor area of not less than 400 square feet ○ Have the HUD Certification Label affixed or have obtained a letter of label verification issued on behalf of HUD, evidencing the house was constructed 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 	

	<ul style="list-style-type: none"> ○ purposes of state taxation) ○ Be titled as real property prior to closing ○ 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 ○ All manufactured homes must meet USDA guidelines <p>Pilot States: An exception to allow the purchase of an existing unit, constructed on or after January 1, 2006, applies to properties that qualify under the Manufactured Housing Pilot and is limited to the following Pilot states: Colorado, Iowa, Louisiana, Michigan, Mississippi, Montana, Nevada, New Hampshire, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.</p>
Maximum Financing	<ul style="list-style-type: none"> ● Only one USDA loan is allowed per borrower and co-borrower ● The borrower may not own any other property, including property owned free and clear, except under specific conditions. See the guide for further information.
Net Tangible Benefit	<p>Required on Streamlined-Assist only</p> <ul style="list-style-type: none"> ● Transaction must provide a \$50 or greater reduction in the principal, interest, and annual fee monthly payment compared to the existing principal, interest and annual fee monthly payment ● Interest rate at or below the current interest rate on the underlying loan
Occupancy	<p>Owner-occupied only</p>
Property Type	<p>Eligible Properties</p> <ul style="list-style-type: none"> ● SFR attached/detached ● Attached/detached PUD ● Approved Condos ● Modular Home ● Newly constructed manufactured homes permanently affixed to the foundation ● Property must be in an eligible area as defined by the USDA https://eligibility.sc.egov.usda.gov/eligibility ● Property must meet HUD standards outlined in Handbook 4000.1 ● USDA does not impose a limitation to the size/acreage of the site, unless the property is in Montana where the lot size may not exceed 40 acres <p>Ineligible Properties</p> <ul style="list-style-type: none"> ● Farms ● Unimproved land ● Income-producing properties ● Multifamily ● Properties with grain bins, silos, dairy farms, multiple barns, or service buildings ● Leasehold properties ● Properties in Lava Zones 1 & 2 ● Properties located near active or planned oil and gas drilling sites or operating wells ● Properties located in avalanche slide or run-out areas ● Community Land Trusts or Blind Trusts ● Marijuana Income is an unacceptable income type regardless of state law ● Montana <ul style="list-style-type: none"> ○ Lot size of the property may not exceed 40 acres

Qualifying Ratios	<ul style="list-style-type: none"> ● For GUS approved loans ratios are determined by GUS ● West Virginia <ul style="list-style-type: none"> ○ Loans must be credit qualified ○ Maximum DTI of 50%
Rate and Term Non-Streamline Refinance	<ul style="list-style-type: none"> ● Loan being refinanced must be a USDA Guarantee Rural Housing loan ● Standard credit qualification is required ● Mortgage amount is limited to 100% of the appraised value + upfront guarantee fee (if financed) ● Cash back not allowed ● Existing loan must have closed 12 months prior to loan application date (defined as disclosure mode date) ● Must verify that the borrower has been current on their existing loan for the preceding 6-month period (0x30) prior to the loan request to USDA. May verify mortgage payment history through one of the following: <ul style="list-style-type: none"> ○ Verification of Mortgage obtained directly from the servicing lender, or ○ A mortgage credit only credit report ● See USDA Lending Guide for additional requirements
Streamline Refinance	<ul style="list-style-type: none"> ● Loan being refinanced must be a USDA Guarantee Rural Housing loan ● Standard credit qualification is required ● Mortgage amount may not exceed the original loan amount at the time underlying loan was closed ● Cash back not allowed ● Existing loan must have closed 12 months prior to loan application date (defined as disclosure mode date) ● Must verify that the borrower has been current on their existing loan for the preceding 6-month period (0x30) prior to the loan request to USDA. May verify mortgage payment history through one of the following: <ul style="list-style-type: none"> ○ Verification of Mortgage obtained directly from the servicing lender, or ○ A mortgage credit only credit report. ● See USDA Lending Guide for additional requirements
Streamlined-Assist Refinance	<ul style="list-style-type: none"> ● Loan being refinanced must be a USDA Guarantee Rural Housing loan ● No appraisal is required; no calculation of LTV required ● DTI calculation not required ● West Virginia <ul style="list-style-type: none"> ○ Loans must be credit qualified ○ Maximum DTI of 50% ● Full income verification / documentation is still required for all adult members of the household to assure annual income limits are met per the USDA Handbook section 3555.151(a) ● The existing loan must have closed 12 months prior to the application date of the new loan ● Must verify that the borrower has been current on their existing loan 12-month period (0x30), prior to request to USDA. Mortgage payment history may be verified through one of the following: <ul style="list-style-type: none"> ○ Verification of Mortgage obtained directly from the servicing lender, or ○ A mortgage credit only credit report. <ul style="list-style-type: none"> ■ If a credit report is ordered that shows the entire borrower credit history, other credit accounts will not be reviewed ● Cash back is not allowed ● See USDA Lending Guide for additional requirements
Subordinate Financing	<ul style="list-style-type: none"> ● New subordinate financing is not eligible ● Existing subordinate financing may remain in place but must subordinate to the new USDA guaranteed refinance mortgage

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