

Product Snapshot

VA Interest Rate Reduction Refinance Loan (IRRRL)

Cardinal Financial offers the VA Interest Rate Reduction Refinance Loan (IRRRL) subject to the eligibility requirements below.

Non-Credit Qualifying ^{1,3} IRRRL - Conforming & High Balance				
Property Type	Loan Amount	Maximum DTI	LTV/CLTV	Manually Underwritten
Without Credit Score - Non-Credit Qualifying				
1-4 Unit Manufactured Home ²	≤ Conforming Loan Limits	N/A	105% / 125%	Yes
1-4 Unit	\$1 > Conforming Loan Limits - \$2,000,000	N/A	105% / 105%	Yes
With Minimum FICO 550				
1-4 Unit	≤ Conforming Loan Limits	N/A	105% / 125%	Yes
Manufactured Home ²				Yes
With Minimum FICO 620				
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	N/A	105% / 105%	Yes
With Minimum FICO 660				
1-4 Unit	\$1,000,001 - \$2,000,000	N/A	105% / 105%	Yes
Footnotes				
¹ If the monthly payment (PITI) increases by 20% or more, the loan must be underwritten as a Credit Qualifying Refinance and the borrower must qualify for the transaction with documented income and assets.				
² Manufactured Homes not permitted on Second Home or Investment Properties				
³ Loans in the state of West Virginia must be underwritten as a Credit Qualifying IRRRL, refer to Geographic Restrictions for additional requirements				

Credit Qualifying IRRRL - Conforming & High Balance

Property Type	Loan Amount	Maximum DTI	LTV/CLTV	Manually Underwritten
Without Credit Score				
1-4 Unit Manufactured Home ¹	≤ Conforming Loan Limits	50% ²	105% / 125%	Yes
1-4 Unit	> Conforming Loan Limits - \$2,000,000	50% ²	105% / 125%	Yes
With Minimum FICO 550				
1-4 Unit	≤ Conforming Loan Limits	60% ²	105% / 125%	Yes
Manufactured Home ¹				Yes
With Minimum FICO 620				
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	60% ²	105% / 105%	Yes
With Minimum FICO 660				
1-4 Unit	\$1,000,001 - \$2,000,000	60% ²	90% / 125%	Yes
Footnotes				
¹ Manufactured Homes not permitted on Second Home or Investment Properties ² DTI > 41% up to 50% must have compensating factors. See Compensating Factors below. DTI >50% and up to 60% permitted only with minimum residual income of 120%				

Program Parameters	
Eligible Terms	<p>Maximum Loan Term is the lesser of:</p> <ul style="list-style-type: none"> ● 30 years, OR ● Maximum loan term is the original term of the VA loan being refinanced plus 10 years. ● New loan term can never exceed 30 years and 32 days. <p>Non-Credit Qualifying Product Codes</p> <ul style="list-style-type: none"> ● VA 15, 25, 30 Year Fixed Rate High Balance IRRRL NonQualifying with Credit Score - VAHBIRRLNQCS ● VA 15, 25, 30 Year Fixed Rate High Balance IRRRL NonQualifying with No Credit Score - VAHBIRRLNQCS ● VA 15, 25, 27, 28, 29, 30 Year Fixed Rate IRRRL NonQualifying with Credit Score - VAIRRLNQCS ● VA 15, 25, 27, 28, 29, 30 Year Fixed Rate IRRRL NonQualifying with No Credit Score - VAIRRLNQCS

	<p>Credit Qualifying Product Codes</p> <ul style="list-style-type: none"> ● VA 15, 25, 30 Year Fixed Rate High Balance IRRRL Qualifying with Credit Score - VAHBIRRRLQCS ● VA 15, 25, 30 Year Fixed Rate High Balance IRRRL Qualifying with No Credit Score - VAHBIRRRLQNCS ● VA 15, 25, 27, 28, 29, 30 Year Fixed Rate IRRRL Qualifying with Credit Score - VAIRRRLQCS ● VA 15, 25, 27, 28, 29, 30 Year Fixed Rate IRRRL Qualifying with No Credit Score - VAIRRRLQNCS <p>ARM Product Codes</p> <ul style="list-style-type: none"> ● VA 3/1 ARM IRRRL NonQualifying with Credit Score ● VA 3/1 ARM IRRRL NonQualifying with No Credit Score ● VA 3/1 ARM High Balance IRRRL NonQualifying with Credit Score ● VA 3/1 ARM High Balance IRRRL NonQualifying with No Credit Score ● VA 3/1 ARM IRRRL Qualifying with Credit Score ● VA 3/1 ARM High Balance IRRRL Qualifying with Credit Score ● VA 3/1 ARM IRRRL Qualifying with No Credit Score ● VA 3/1 ARM High Balance IRRRL Qualifying with No Credit Score ● VA 5/1 ARM IRRRL NonQualifying with Credit Score ● VA 5/1 ARM IRRRL NonQualifying with No Credit Score ● VA 5/1 ARM High Balance IRRRL NonQualifying with Credit Score ● VA 5/1 ARM High Balance IRRRL NonQualifying with No Credit Score ● VA 5/1 ARM IRRRL Qualifying with Credit Score ● VA 5/1 ARM High Balance IRRRL Qualifying with Credit Score ● VA 5/1 ARM IRRRL Qualifying with No Credit Score ● VA 5/1 ARM High Balance IRRRL Qualifying with No Credit Score
Overlays	<ul style="list-style-type: none"> ● Refer to the Wholesale Lending Product Overlay Matrix for any applicable Cardinal overlays
Eligible Borrowers	<ul style="list-style-type: none"> ● The borrower must be a Veteran ● The determination for an unmarried surviving spouse must be made by the local VA office. Cardinal limits the number of credit borrowers to four per loan transaction ● Individuals with a U.S. Individual Taxpayer Identification Number (ITIN). An ITIN is formatted like a SSN but begins with “9”. No valid SSN begins with a 9. ● IRRRL Refinance transactions do not require verification of the borrower’s citizenship ● VA Prior Approval loans: <ul style="list-style-type: none"> ○ Two Veteran/ Split Entitlement <ul style="list-style-type: none"> ■ A loan involving two veterans who are not married to each other, and both using their entitlement. Split Entitlement can include loans to: the veteran and the veteran’s spouse who is also a veteran, if both entitlements will be used ■ Three, four, or more veterans, all of whom will use their entitlement ○ Vet/Non-Vet Joint Loans <ul style="list-style-type: none"> ■ A loan involving one veteran and one non-veteran (not spouse) ○ Loans made to veterans receiving VA non-service related pension ○ IRRRL’s made to refinance delinquent VA guaranteed loans

The following table addresses if a refinance can be underwritten as an IRRRL when there is a change in the borrowers other than the veteran:

Parties Obligated on Old VA Loan	Parties to be Obligated on New Loan	IRRRL Eligible	Must Credit Qualify as a result of Proposed Status
Unmarried Veteran	Veteran and New Spouse	Yes	N/A
Unmarried Veteran	Spouse Only (Deceased Veteran)	No	Yes
Veteran	Different Veteran Who Substituted Entitlement	Yes	N/A
Veteran and Spouse	Divorced Veteran Only	Yes	N/A
Veteran and Spouse	Veteran and Different Spouse	Yes	N/A
Veteran and Spouse	Spouse Only (Deceased Veteran)	Yes	N/A
Veteran and Spouse	Divorced Spouse Only	No	Yes
Veteran and Spouse	Different Spouse Only (Deceased Veteran)	No	Yes
Veteran and Non-Veteran (joint obligors)	Veteran Only	Yes	N/A
Veteran and Non-Veteran (joint obligors)	Non-Veteran Only	No	Yes
Married Veteran (excluded spouse from initial transaction)	Married Veteran and Spouse (same spouse from initial transaction)	Yes	No

Eligible Properties

- Attached/detached SFRs
- Attached/detached PUDs
- VA Approved Condominium Project
- 2–4 Units
- Leasehold Estates- requires VA Prior Approval
- Modular Homes
- Manufactured Housing
 - Primary Residences only

<p>Ineligible Transactions</p>	<ul style="list-style-type: none"> ● Properties owned free and clear ● Texas 50(a)(6) ● Escrow waivers ● Transaction with PACE/CA HERO program subordinate financing ● Life Estates ● Blind Trusts ● Irrevocable Trusts ● LLC's, Corporations and Partnerships ● Community Land Trusts ● Marijuana Income is an unacceptable income type regardless of state law ● Energy Efficient Mortgages (EEMs) ● Loans with non-occupying borrowers ● Supplemental loans ● Temporary buydowns ● Transactions resulting in less than 25% guaranty ● Unsecured loans or loans secured by less than a first lien ● Loans made to veterans rated incompetent by the Department of Veteran's Affairs ● VA IRRRLs currently delinquent at the time of closing ● Mortgages with a 30-day late payment (1x30) within the 6 months preceding the new loan's closing date
<p>Geographic Restrictions</p>	<p>The following state restrictions apply to all transactions:</p> <ul style="list-style-type: none"> ● Kansas <ul style="list-style-type: none"> ○ Properties located in the State of Kansas require the lender to obtain the market value. This can be satisfied with a tax assessor's statement of value. ● Montana <ul style="list-style-type: none"> ○ Lot size of the property may not exceed 40 acres ● Rhode Island <ul style="list-style-type: none"> ○ Manufactured homes are ineligible ● West Virginia <ul style="list-style-type: none"> ○ Loans must be credit qualified ○ Maximum DTI of 50%
<p>Loan Amount Calculation</p>	<p>The new loan may include:</p> <ul style="list-style-type: none"> ● Existing VA loan pay off - Unpaid principal balance (Including any charges/misc. fees charged by current lender to pay the loan in full) , plus allowable VA closing costs, plus VA funding fee (if applicable), plus up to 2 discount points ● .50% VA Funding Fee Fee (non-exempt Veterans) ● Allowable fees and charges, including 1% origination fee ● No more than 2 discount points can be financed in the loan amount ● Escrow account charges or prepaid items ● Existing VA loan balance including any late charge <p>Final loan amount not to exceed \$2,000,000 Minimum Loan Amount: \$50,000</p>

<p>Occupancy</p>	<p>Primary Residence</p> <ul style="list-style-type: none"> ● 1-Unit ● 2-4 Unit <ul style="list-style-type: none"> ○ One unit must be occupied by Veteran <p>Secondary/Vacation Home</p> <ul style="list-style-type: none"> ● 1-unit only ● File must contain documentation that the Veteran previously occupied the subject property as their primary residence <p>Investment Property</p> <ul style="list-style-type: none"> ● 1-4 Unit ● File must contain documentation that the Veteran previously occupied the subject property as their primary residence
<p>Mortgage Pay History</p>	<p>Loans being refinanced may not have any 30-day late payments (1x30) during the 6 months preceding the new loan's closing date</p>
<p>Subordinate Financing</p>	<ul style="list-style-type: none"> ● 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 ● Eligible subject to the CLTV limits on the matrix located on page 1 ● New loan proceeds cannot be used to pay off any existing subordinate financing. ● Existing subordinate financing must subordinate to the new loan ● PACE/CA HERO program is ineligible subordinate financing ● If the borrower is simultaneously obtaining a second mortgage, a benefit to the borrower must be documented
<p>Cash Back</p>	<ul style="list-style-type: none"> ● The maximum cash back to the borrower resulting from closing adjustments is \$500. ● The borrower cannot receive any cash-back if the property securing the refinance transaction is located in the state of Texas
<p>Appraisal Requirement</p>	<ul style="list-style-type: none"> ● Appraisal not required unless discount points are charged on a Fixed-to-ARM IRRRL ● If Discount Points are charged, an approved AMC or Mercury panel appraisal must provide a value determination in accordance with Circular 26-19-22
<p>Reasonable Value</p>	<p>There are two options for determining reasonable value on a VA IRRRL fixed rate mortgage which impact the Loan-to-Value (LTV) :</p> <ul style="list-style-type: none"> ● VA Case Number Assignment's indicated Original Loan Amount ● Value determined by most recent appraised value provided by the veteran supporting case number within VA Case Number Assignment for underlying loan
<p>Net Tangible Benefit</p>	<p>The transaction must provide the Veteran or borrower a net tangible benefit (NTB) as follows:</p> <ul style="list-style-type: none"> ● Fixed Rate to Fixed Rate: New rate must be .5% lower ● Fixed Rate to ARM: New rate must be 2% lower <ul style="list-style-type: none"> ○ Discount points to achieve rate reduction must be paid at closing or up to 2 points may be added to principal amount of loan in the following cases: <ul style="list-style-type: none"> ■ The rate reduction is not solely due to discount points as the current rate environment is favorable OR ■ Lower rate is due solely to discount points. Points charged are 1% or less and new total loan balance (including all fees) is < 100% LTV* ■ Lower rate is due solely to discount points. Points charged are 2% or less and new total loan balance (including all fees) is < 90% LTV* <p><i>*An exterior only or full appraisal must be obtained to determine LTV</i></p>

Credit Documentation

Required Documentation

- All borrowers must have a valid Social Security number. Individuals with a U.S. Individual Taxpayer Identification Number (ITIN) are not eligible. An ITIN is formatted like a SSN but begins with “9”. No valid SSN begins with a 9
- Credit Alert Interactive Voice Response System (CAIVRS) is 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
 - Borrower(s)
 - Broker
 - Loan Officer
 - Loan Processor (Transaction Coordinator)
 - Underwriter
 - Appraisal Management Company (If applicable)
 - Appraiser (if applicable).
 - Settlement Agent
 - Title Insurance Provider

Derogatory Credit

- Collection accounts are not required to be paid off.
- Outstanding tax liens and judgments must be paid at closing.

Non-Credit Qualifying Documentation Requirements:

- Mortgage only credit report accepted
- Non-Traditional credit not permitted
- Asset verification not required

Credit Qualifying Documentation Requirements:

- File must contain documentation that shows that the borrower has a stable and reliable income to support the proposed housing payment along with the recurring monthly obligation
- Tr-merged credit report required
- Non-Traditional credit not permitted
- Asset verification not required

Compensating Factors/Residual Income						
Credit Score	FICO >= 550			FICO >= 620		
Debt To Income Ratio	41%-45%	45.01-50%	50.01-60%	41%-45%	45.01-50%	50.01-60%
# Comp Factors	Two	Three	N/A	One	Two	N/A
<ul style="list-style-type: none"> ● Transactions with total debt ratio of 50%-60% require a minimum of 120% residual income ● Transactions with total debt ratio of 41%-50% require: <ul style="list-style-type: none"> ○ Minimum residual income of 120%, or ○ One or more of the following compensating factors: <ul style="list-style-type: none"> ■ Excellent credit history ■ Conservative use of consumer credit ■ Minimal consumer debt 						

	<ul style="list-style-type: none"> ■ Long-term employment ■ Significant liquid assets ■ Sizable down payment ■ The existence of equity in refinancing loans ■ Little or no increase in shelter expense ■ Military benefits ■ Satisfactory homeownership experience ■ High residual income ■ Tax credits for child care ■ Tax benefits of home ownership
Recoupment	<p>Payment Decreasing (Lower monthly principal and interest (PI) payment:</p> <ul style="list-style-type: none"> ● Recoupment period of fees, closing costs, and expenses other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729) incurred by the Veteran, must not exceed 36 months from the date of the loan closing <p>Payment Stays the Same or Increases (Same or greater monthly principal and interest (PI)) payment:</p> <ul style="list-style-type: none"> ● The veteran cannot incur any fees, closing costs or expenses (excluding taxes, escrow amounts, and the funding fee) under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729) ● A lender credit may be applied to offset any fees incurred
Seasoning	Transactions must meet both VA AND Ginnie Mae seasoning requirements as detailed in the Government Loan Seasoning Requirements for details.
ARM Terms	
ARM Index	<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>
ARM Caps	If the initial contract interest rate remains fixed for 5 years or less, the initial adjustment is limited to a maximum increase, or decrease of one percentage point and the interest rate increase over the life of the loan is limited to five percentage point
ARM Margin	2.00%
Qualifying Rate	The loan must qualify based on payments calculated using the initial interest rate.
Rate Adjustment	<ul style="list-style-type: none"> ● The interest rate must remain constant for an initial period of 3 or 5 years, depending on the ARM program chosen ● The initial adjustment is limited to a maximum increase, or decrease of one percentage point ● Remaining adjustments may change annually for the remainder of the mortgage term

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