

Product Snapshot

VA Purchase

Cardinal Financial offers a VA Purchase product, subject to the eligibility requirements below. Read the full product details below.

Purchase - Conforming & High Balance				
Property Type	Loan Amount	Maximum DTI	LTV/CLTV/HCLTV ²	Manual Underwrite Permitted
Non-Traditional Credit				
1-4 Unit	≤ Conforming Loan Limits	41% ³	≤ 100%	Yes
Minimum FICO 550				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS ⁵	≤ 100%	No
Minimum FICO 580				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS ⁵	≤ 100%	No
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	60% ¹	≤ 100%	Yes
Minimum FICO 580				
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	Per AUS ⁵	≤ 100%	No
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	60% ¹	≤ 100%	Yes
Minimum FICO 660				
1-4 Unit	\$1,000,001 - \$2,000,000	Per AUS ⁵	≤ 90% ⁴	No
1-4 Unit	\$1,000,001 - \$2,000,000	60% ¹	≤ 90% ⁴	Yes
Minimum FICO 680				
1-4 Unit	\$1,000,001 - \$2,000,000	Per AUS ⁵	≤ 100%	No
Footnotes				

¹ Loans with debt-to-income ratios >41% to 60% may be permitted with compensating factors as outlined in the Debt-to-Income (DTI) section below.

² The LTV/CLTV is calculated on the base loan amount excluding the VA Funding Fee. CLTV ratio permitted up to 105% only if the loan is part of a Community Seconds transaction

³ No exceptions to DTI restriction of 41% for non-traditional credit and cannot use compensating factors

⁴ LTV up to 100% permitted for properties located in the state of Hawaii and New York when Loan amount is \$1,000,000 - \$2,000,000

⁵ DTI > 41% must meet 120% of the residual income guideline or have valid compensating factor(s)

Program Parameters	
Acceptable Transaction Terms	<p>Standard</p> <ul style="list-style-type: none"> ● VA 15 Year Fixed Rate ● VA 15 Year Fixed Rate High Balance ● VA 25 Year Fixed Rate ● VA 25 Year Fixed Rate High Balance ● VA 30 Year Fixed Rate ● VA 30 Year Fixed Rate High Balance ● VA 15 Year Fixed Rate - Manual UW ● VA 15 Year Fixed Rate High Balance - Manual UW ● VA 25 Year Fixed Rate - Manual UW ● VA 25 Year Fixed Rate High Balance - Manual UW ● VA 30 Year Fixed Rate - Manual UW ● VA 30 Year Fixed Rate High Balance - Manual UW <p>Adjustable Rate Products</p> <ul style="list-style-type: none"> ● VA 3/1 ARM ● VA 3/1 ARM High Balance ● VA 5/1 ARM ● VA 5/1 ARM High Balance <p>Temporary Buydown</p> <ul style="list-style-type: none"> ● VA 30 Year Fixed Rate - Temporary 3-2-1 Buydown - VA30321BD ● VA 30 Year Fixed Rate High Balance - Temporary 3-2-1 Buydown - VA30HB321BD ● VA 30 Year Fixed Rate - Temporary 2-1 Buydown - VA3021BD ● VA 30 Year Fixed Rate High Balance - Temporary 2-1 Buydown - VA30HB21BD ● VA 30 Year Fixed Rate - Temporary 1-1 Buydown - VA3011BD ● VA 30 Year Fixed Rate High Balance - Temporary 1-1 Buydown - VA30HB11BD ● VA 30 Year Fixed Rate - Temporary 1-0 Buydown - VA3010BD ● VA 30 Year Fixed Rate High Balance - Temporary 1-0 Buydown - VA30HB10BD ● VA 30 Year Fixed Rate - Temporary 3-2-1 Buydown - Manual UW - VA30321BDMU ● VA 30 Year Fixed Rate High Balance - Temporary 3-2-1 Buydown - Manual UW - VA30HB321BDMU ● VA 30 Year Fixed Rate - Temporary 2-1 Buydown - Manual UW - VA3021BDMU ● VA 30 Year Fixed Rate High Balance - Temporary 2-1 Buydown - Manual UW - VA30HB21BDMU ● VA 30 Year Fixed Rate - Temporary 1-1 Buydown - Manual UW - VA3011BDMU

	<ul style="list-style-type: none"> ● VA 30 Year Fixed Rate High Balance - Temporary 1-1 Buydown - Manual UW - VA30HB11BDMU ● VA 30 Year Fixed Rate - Temporary 1-0 Buydown - Manual UW - VA3010BDMU ● VA 30 Year Fixed Rate High Balance - Temporary 1-0 Buydown - Manual UW - VA30HB10BDMU
Eligible Transactions	<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 ● VA Prior Approval loans: <ul style="list-style-type: none"> ○ 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 ● 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 ● Temporary Buydown <ul style="list-style-type: none"> ○ Allowed on purchase transactions only
Ineligible Transactions	<ul style="list-style-type: none"> ● Borrowers with DACA Status ● Escrow waivers ● Transaction with PACE/CA HERO program subordinate financing ● Life Estates ● Blind Trusts ● Irrevocable Trusts ● 1031 Exchanges ● LLC's, Corporations and Partnership ● Community Land Trusts ● Marijuana Income is an unacceptable income type regardless of state law ● Energy Efficient Mortgages (EEMs) ● Non-arm's-length transaction on a short sale when the seller and buyer are related ● Supplemental loans ● 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 Veterans Affairs
Eligible Properties	<ul style="list-style-type: none"> ● Attached/detached SFRs ● Attached/detached PUDs ● 1-4 Units ● Condominiums <ul style="list-style-type: none"> ○ Condo projects must be VA approved and possess a condo identification number with VA unless they were approved by HUD/FHA/USDA PRIOR to December 7, 2009. ● Lava Zones 1 and 2 ● Leasehold Estates- requires VA Prior Approval ● Manufactured Housing <ul style="list-style-type: none"> ○ Minimum of 400 square feet for single-width ○ Minimum of 700 square feet for double-width ○ Manufactured homes are not eligible for Temporary Buydown program
Overlays	Refer to the Wholesale Lending Product Overlay Matrix for any applicable Carinal overlays
Program Requirements	

Appraisal Requirements	<ul style="list-style-type: none"> ● VA appraisal ● VA will not permit appraisals to be requested through WebLGY prior to ordering the Certificate of Eligibility ● VA requires appraisers to include FNMA market conditions addendum Form 1004MC ● Notice of Value to be issued by Cardinal Financial and is valid for six months
AUS	DU or LPA Approval OR DU or LPA Refer Eligible
Manual Underwriting	<ul style="list-style-type: none"> ● The loan must meet all published loan program guidelines ● The underwriter’s evaluation has determined the loan is an investment quality mortgage and loan file contains documentation to support the decision ● Manually underwritten loans with debt ratios exceeding 41% may be allowed with compensating factors if the ratio is greater than 41% solely due to the existence of tax-free income or residual income exceeds the guideline by at least 20% ● Must follow the guidance in the Debt-to-Income (DTI) section below.
Borrower Eligibility	<ul style="list-style-type: none"> ● Veteran is a person who has served on active duty in the Army, Navy, Air Force, Marines, or Coast Guard and who (except for service members on active duty) was discharged or released from active duty under conditions other than dishonorable. The following criteria apply: <ul style="list-style-type: none"> ○ Minimum wartime service is 90-days’ active duty or minimum 181-days of continued active duty during peacetime ○ Members of Reserves of the National Guard who have performed not less than 90 cumulative days of full-time duty; at least 30 of those days must have been consecutive ○ Unremarried surviving spouse of an eligible service member who died as a result of service or service-connected injuries ● Vet/Non-Vet Joint Loans <ul style="list-style-type: none"> ○ If there are co-mortgagors on a loan (other than husband and wife) and one or more of the mortgagors do not have VA eligibility (i.e., vet/non-vet joint loans) additional cash/equity will likely be required in order to meet the 25% guaranty requirement as the veteran only contributes entitlement/guaranty proportionate to their pro-rata interest in the mortgage ○ A loan in which the borrowers are a Veteran and a Non-Veteran (not a spouse) will need to be submitted for prior approval ● U.S. citizens ● Permanent resident aliens ● Non-permanent resident aliens <ul style="list-style-type: none"> ○ Refer to Underwriting Policy Citizenship Requirements
Bankruptcy Chapter 7	<ul style="list-style-type: none"> ● Minimum of 2 years from the discharge date. ● Borrower must have no late payments on mortgages, installment debt, or other credit obligations within the past 12 months. ● Exceptions may be allowed for a bankruptcy that was discharged less than 2 years from the application date if extenuating circumstances can be documented and the borrower has demonstrated the ability to manage financial affairs since the bankruptcy. In no case is a bankruptcy discharged less than 12 months acceptable
Bankruptcy Chapter 13/ Chapter 12	<ul style="list-style-type: none"> ● Minimum of 1 year established payment history is required, proving all bankruptcy plan payments have been made in full and on time ● If bankruptcy is discharged no seasoning required ● Court approval is required if the bankruptcy is not discharged
Collections/Charge Offs, Tax Liens, and	<ul style="list-style-type: none"> ● If the transaction has received an AUS approval, the findings recommendation may be followed

Judgments	<ul style="list-style-type: none"> ○ AUS Approve and Manually Underwritten loans with applications dated on or after January 1, 2024: <ul style="list-style-type: none"> ■ Non-medical collections must be included in the DTI using either the payment listed on the credit report, or 5% of the outstanding balance of the collection if the account does not have an established payment arrangement ● Outstanding tax liens and judgments must be paid at closing
Disputed Derogatory Credit Accounts	<p>Disputed Derogatory Credit Accounts refer to disputed charge-off accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months.</p> <ul style="list-style-type: none"> ● A letter of explanation from the borrower may be requested by the underwriter to determine any negative impact the disputed derogatory account may have on the borrower's ability to repay the loan ● If evidence is provided that the account is no longer in dispute, a new credit report must be provided and resubmitted with the AUS to allow assessment of the derogatory credit in the loan analysis <p>Disputed Derogatory Credit Accounts Exclusions The following accounts can be excluded from consideration in the underwriting analysis:</p> <ul style="list-style-type: none"> ● Medical accounts; and ● Disputed derogatory credit resulting from identity theft, credit card theft or unauthorized use <ul style="list-style-type: none"> ○ To exclude these balances, the underwriter must request a copy of the police report, debtor identity theft report, credit reporting agency identity theft filing confirmation or other documentation from the creditor to support the status of the accounts.
Foreclosure, Deed in Lieu of Foreclosure	<ul style="list-style-type: none"> ● Minimum of 2 years from the foreclosure (sheriff's) sale date ● Exceptions may be allowed for a foreclosure date that is less than 2 years from the application date if extenuating circumstances can be documented. In no case is a foreclosure sale less than 12 months acceptable
Non Traditional Credit	<p>Non-Traditional Credit is permitted; refer to the Loan Matrix and Lending Guide for specific requirements</p>
Short Sale	<ul style="list-style-type: none"> ● Minimum of 2 years from transfer of title ● Exceptions may be allowed if the borrower can document an extenuating circumstance and the borrower had no delinquency in the 12 months prior to the short sale
Debt-to-Income (DTI)	<p>Non-Traditional Credit</p> <ul style="list-style-type: none"> ● No exceptions to DTI restriction of 41% ● Must have two (2) months cash reserves <p>Loans with AUS Approve/Eligible</p> <ul style="list-style-type: none"> ● Follow AUS Findings for DTI <= 41% ● DTI > 41%, must meet 120% of the residual income guideline or have valid compensating factor(s) as outlined below <p>Manually underwritten loans</p> <ul style="list-style-type: none"> ● DTI > 41% up to 60% must meet 120% of the residual income guideline, and/or have valid compensating factor(s) as outlined below <div style="background-color: #003366; color: white; text-align: center; padding: 5px; margin-top: 10px;"> Compensating Factors/Residual Income </div>

AUS Approval	Credit Score	Debt To Income Ratio	Required Compensating Factors
No	Non-Traditional Credit	41%	Two (2) months cash reserves
Yes	Per AUS	41.01%-45%	120% Residual Income or one compensating factor
Yes	Per AUS	>45%	120% Residual Income or two compensating factors
No	≥ 580 to 619	41.01% - 45%	Two (2) months cash reserves, AND 120% Residual Income or two compensating factors Note: Cash Reserves can be used to satisfy one of the compensating factors
		45.01% - 50%	Two (2) months cash reserves, AND 120% Residual Income or three compensating factors Note: Cash Reserves can be used to satisfy one of the compensating factors
		50.01% - 60%	Two (2) months cash reserves, AND 120% Residual Income
	≥ 620	41.01% - 45%	120% Residual Income or one compensating factor
		45.01% - 50%	120% Residual Income or two compensating factors
		50.01% - 60%	120% Residual Income in all cases

Compensating Factors

- Significant cash reserves after closing
 - Defined as two (2) months PITIA
- Excellent credit history
 - Defined as a credit score of 700+
- Conservative or minimal consumer debt
 - Defined as the borrower's housing payment is the only open account with an outstanding balance that is not paid off monthly, the credit report shows established credit lines in the borrower's name open for at least six months, and the borrower can document that these accounts have been paid off in full monthly for at least the past six months
- Long-term employment
 - Defined as minimum of 2 years on same job
- Sizable down payment

- Defined as 10% down payment
- The existence of equity in refinancing loans
 - Defined as LTV of 90% or less
- Little or no increase in shelter expense
 - Defined as the new total monthly mortgage payment does not exceed the current total monthly housing payment by more than \$100 or 5%, whichever is less
- Military benefits
 - Defined as income type is military and non-taxable indicator is set
- Satisfactory homeownership experience
 - Defined as Veteran is not a first-time homebuyer and no derogatory housing payment history or foreclosure, short sale or deed-in-lieu is present

Effective Loan Limit

2023 Conforming Loan Limits		
Property State	# of Units	Conforming Maximum
Continental U.S.	1-4 Units	\$726,200
Alaska and Hawaii	1-4 Units	\$1,089,300

2024 Conforming Loan Limits		
Property State	# of Units	Conforming Maximum
Continental U.S.	1-4 Units	\$766,550
Alaska and Hawaii	1-4 Units	\$1,149,825

Funding Fee

- Veteran can be exempt from the VA funding fee (specified on current Certificate of Eligibility)
- VA funding fee can either be paid in full in cash at closing OR financed into the total loan amount (cannot be split)
- Funding fee is higher for subsequent use and is also based on the amount of down payment on the loan with reference to Regular Military OR Reservist/National Guard
- Funding fee is calculated on your full loan amount including Energy Efficient Mortgage improvements
- Purple Heart Recipients
 - Waiver of the VA funding fee for members of the Armed Forces who are serving on active duty and provide, on or before the date of loan closing, evidence of having been awarded the Purple Heart

See current funding fee chart in the Cardinal Financial VA program guidelines

Geographic Restrictions

- The following state restrictions apply to all transactions:
- Montana
 - Lot size of the property may not exceed 40 acres

Loan Amount	<ul style="list-style-type: none"> • Minimum \$50,000 • Maximum \$2,000,000 										
Maximum Entitlement	<p>For all loans closed on or after January 1, 2020</p> <ul style="list-style-type: none"> • Full Entitlement <ul style="list-style-type: none"> ○ The maximum amount of guaranty entitlement available for a loan above \$144,000 will be 25% of the loan amount • Partial Entitlement <ul style="list-style-type: none"> ○ For Veterans who have previously used entitlement and such entitlement has not been restored, the maximum amount of guaranty entitlement available a loan above \$144,000 will be 25% of the Freddie Mac Conforming Loan Limit, less the amount of unrestored entitlement previously used by the Veteran 										
Maximum Potential Guaranty	<p>For loans closed on or after January 1st, 2020, VA will guaranty 25% of any loan amount unless the Veteran has only partial entitlement.</p> <ul style="list-style-type: none"> • For Veterans with full entitlement, the maximum amount of guaranty available to the Veteran, for a loan above \$144,000 shall be 25 percent of the loan amount • For Veterans with partial entitlement, the maximum amount of guaranty available to the Veteran, for a loan above \$144,000 may not exceed the lesser of 25% of the loan amount OR 25% of the Freddie Mac CLL. <table border="1" data-bbox="427 825 1511 1161"> <thead> <tr> <th colspan="2" data-bbox="427 825 1511 915">Maximum Potential Guaranty Loan Amounts up to and including \$144,000^{1,2,3}</th> </tr> <tr> <th data-bbox="427 915 932 978">Base Loan</th> <th data-bbox="932 915 1511 978">Guaranty</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 978 932 1041">< or = \$45,000</td> <td data-bbox="932 978 1511 1041">50% of the loan</td> </tr> <tr> <td data-bbox="427 1041 932 1104">\$45,001 - \$56,250</td> <td data-bbox="932 1041 1511 1104">\$22,500</td> </tr> <tr> <td data-bbox="427 1104 932 1161">\$56,251 - \$144,000</td> <td data-bbox="932 1104 1511 1161">40% of the Loan with a maximum of \$36,000</td> </tr> </tbody> </table> <p data-bbox="427 1161 1511 1224" style="text-align: center;">Footnotes</p> <p data-bbox="427 1224 1511 1287">¹Applies to both full and partial entitlement</p> <p data-bbox="427 1287 1511 1371">²VA guaranty or combination of guaranty plus down payment/subject equity must be => 25% of the total loan amount including the funding fee</p> <p data-bbox="427 1371 1511 1476">³ The maximum guaranty is the lesser of available entitlement or the maximum potential guaranty amount indicated above</p>	Maximum Potential Guaranty Loan Amounts up to and including \$144,000 ^{1,2,3}		Base Loan	Guaranty	< or = \$45,000	50% of the loan	\$45,001 - \$56,250	\$22,500	\$56,251 - \$144,000	40% of the Loan with a maximum of \$36,000
Maximum Potential Guaranty Loan Amounts up to and including \$144,000 ^{1,2,3}											
Base Loan	Guaranty										
< or = \$45,000	50% of the loan										
\$45,001 - \$56,250	\$22,500										
\$56,251 - \$144,000	40% of the Loan with a maximum of \$36,000										
Occupancy	<ul style="list-style-type: none"> • Owner-occupied primary residences only • Below are acceptable scenarios for meeting owner occupancy status: <ul style="list-style-type: none"> ○ The spouse or dependent child may certify occupancy for a veteran who is on active duty and cannot personally occupy the dwelling within a reasonable time. In the case of a dependent child, the veteran's attorney-in-fact or legal guardian of the dependent child must make the certification and sign VA Form 26-1820, Report and Certification of Loan Disbursement. ○ Single or married service members deployed from their permanent duty station are considered to be in a temporary duty status and are able to certify intent to occupy. There is no need to have a spouse certify occupancy. • Personal occupancy is required for single Veterans, whether or not the Veteran is on 										

	<p>active duty</p> <ul style="list-style-type: none"> • No family member or person other than the Veteran's spouse can satisfy the occupancy requirement for the Veteran. The property must be occupied within 60 days of loan closing
Reserves	<ul style="list-style-type: none"> • 1-Unit: No reserves are required • 2-4 Units & rental income IS NOT USED to qualify: No reserves are required • 2-4 Units & rental income IS USED to qualify: 6 months PITIA reserves required <ul style="list-style-type: none"> ◦ History of prior rental management must be documented with two years of tax returns, or a signed contract with a Property Management Company • Other rental properties not secured by VA loan: 3 months PITIA required for each additional property when using rental income to qualify • No-credit score requires two months of reserves • Refer to the Debt-to-Income (DTI) section for additional reserves that may be required due to the underwriting method. • Refer to the Lending Guide for reserve requirements on a Departure Residence
Seller Contributions	<p>Sellers can pay 100% of discount points and borrowers non-recurring closing costs in addition to an amount not to exceed 4% of the estimated reasonable value to assist the borrower's payment of prepaid expenses and funding fee.</p> <p>Seller concessions include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • payment of the buyer's VA funding fee • prepayment of the buyer's property taxes and insurance • gifts such as a television set or microwave oven • payment of extra points to provide permanent interest rate buy-downs • provision of escrowed funds to provide temporary interest rate buy-downs, and • payoff of credit balances or judgments on behalf of the buyer <p>Seller concessions do not include payment of the buyer's closing costs, or payment of discount points as long as the discount points do not exceed 2 points.</p>
Temporary Buydown	<p>A temporary buydown allows borrowers to reduce their effective monthly payment for a limited period of time through a temporary buydown of the interest rate.</p> <ul style="list-style-type: none"> • The effective interest rate that a borrower pays during the early years of the mortgage is reduced as a result of the deposit of a lump sum of money (sometimes called a "subsidy") into a buydown account. A portion of the subsidy is released each month to reduce the borrower's payments. • The buydown funds may be provided by various parties, including the borrower, the lender, the property seller, or other interested parties to the transaction. <p>General Requirements for Temporary Interest Rate Buydown Plans</p> <ul style="list-style-type: none"> • Buydown program is "3-2-1" <ul style="list-style-type: none"> ◦ Interest rate for the first year is 3% lower than the Note rate ◦ Interest rate for the second year is 2% lower than the Note rate ◦ Interest rate for the third year is 1% lower than the Note rate ◦ Interest rate for the remaining years is the Note rate • Buydown program is "2-1" <ul style="list-style-type: none"> ◦ Interest rate for the first year is 2% lower than the Note rate ◦ Interest rate for the second year is 1% lower than the Note rate. Interest rate for the remaining years is the Note rate • Buydown program is "1-1" <ul style="list-style-type: none"> ◦ Interest rate for the first year is 1% lower than the Note rate ◦ Interest rate for the second year is 1% lower than the Note rate ◦ Interest rate for the remaining years is the Note rate • Buydown program is "1-0"

- Interest rate for the first year is 1% lower than the Note rate
- Interest rate for the remaining years is the Note rate
- The actual note rate and monthly payment that the borrower is obligated to pay is never actually reduced, and the full rate and payment must be reflected on the mortgage documents.
- At the end of the buydown period, the buydown funds collected at closing will have been exhausted, and the buydown period ends.
- Allowed on fixed-rate mortgages; **buydowns are not permitted with ARM transactions**
- Purchase transaction only
- Rate increase will not exceed 1% per year.
- The mortgage instruments must reflect the permanent payment terms rather than the terms of the buydown plan.
- Ineligible for Manufactured Housing

Buydown Funds Provided by Seller or Interested Parties to the Transaction

- When the source of the buydown funds is provided by the seller or interested party, it is considered a Seller Concession and is limited to 4% of the lesser of sales price or appraised value.

Lender-Funded Buydowns

- If the buydown is funded by the lender as part of the pricing on the loan, the buydown agreement must require that the funds in the buydown account be transferred to the new servicer if the mortgage is subsequently transferred.

Buydown Agreements

- The buydown agreement must provide that the borrower is not relieved of his/her obligation to make the mortgage payments required by the terms of the Note.
- The buydown agreement may include an option for the buydown funds to be returned to the borrower or to the lender, if it funded the buydown, if the mortgage is paid off before all of the funds have been applied.

Qualifying the Borrower

- The borrower is qualified based on the Note rate without any consideration of the bought-down rate.
 - The buydown agreement can be considered a compensating factor in the underwriting analysis.

Terms of the Buydown

- The buydown plan provides for increases of not more than 1% in the interest rate paid in each 12-month interval.

Buydown Funds

- Funds for buydown accounts must be deposited into custodial bank accounts.
- The buydown funds are applied toward payments as they come due under the Note.
- Buydown funds are not refundable unless the mortgage is paid off before all funds have been applied.
- Buydown funds cannot be used to pay past-due payments.
- If the property is sold subject to, or on an assumption of the loan, the custodian holding the funds must continue to pay out on behalf of the new owner.

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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