

# Product Snapshot

## VA Rate/Term or Cash-Out Refinance

Cardinal Financial Wholesale offers VA Rate and Term Refinance and Cash-Out Refinance products, subject to the eligibility requirements below. Read the full product details below. For VA IRRRL Refinances, refer to the VA Interest Rate Reduction Refinance Loan (IRRRL) product snapshot.

The information in this matrix may not highlight all requirements of the program and does not reduce or eliminate any requirements outlined in our guidelines. Guidelines are subject to change without notice.

Rate and Term Refinance (Type I Cash-Out) <sup>1</sup>				
Property Type	Loan Amount	Maximum DTI	LTV/CLTV <sup>3</sup>	Manual Underwrite Permitted
Minimum FICO 550				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS <sup>4</sup>	≤ 100%	No
Minimum FICO 580				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS <sup>4</sup>	≤ 100%	No
		60% <sup>2</sup>		Yes
Minimum FICO 600				
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	Per AUS <sup>4</sup>	≤ 100%	No
		60% <sup>2</sup>		Yes
Minimum FICO 660				
1-4 Unit	\$1,000,001- \$2,000,000	Per AUS <sup>4</sup>	≤ 90%	No
		60% <sup>2</sup>		Yes
Minimum FICO 680				
1-4 Unit	\$1,000,001- \$2,000,000	Per AUS <sup>4</sup>	≤ 100%	No
Footnotes				
<sup>1</sup> The new loan amount, including the VA Funding Fee, may not exceed the payoff amount of the loan being refinanced				
<sup>2</sup> 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.				
<sup>3</sup> The LTV/CLTV is calculated on the base loan amount excluding the VA Funding Fee. <b>If the loan being refinanced has a fixed interest rate and our loan will have an adjustable interest rate (Fixed to ARM), and more than one discount point is charged, the loan-to-value ratio (LTV) is limited to 90 percent of the reasonable value.</b>				

<sup>4</sup>DTI > 41% must meet 120% of the residual income guideline or have valid compensating factor(s)

Cash-Out Refinance (Type II Cash-Out) <sup>1</sup> LTV ≤90%				
Property Type	Loan Amount	Maximum DTI	LTV/CLTV <sup>3</sup>	Manual Underwrite Permitted
Minimum FICO 550				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS <sup>4</sup>	≤ 90%	No
Minimum FICO 580				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS <sup>4</sup>	≤ 90%	No
		60% <sup>2</sup>		Yes
Minimum FICO 600				
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	Per AUS <sup>4</sup>	≤ 90%	No
		60% <sup>2</sup>		Yes
Minimum FICO 660				
1-4 Unit	\$1,000,001- \$2,000,000	Per AUS <sup>4</sup>	≤ 90%	No
		60% <sup>2</sup>		Yes
Footnotes				
<sup>1</sup> The loan amount, including the VA Funding Fee, may exceed the payoff amount of the loan being refinanced. The base loan amount may exceed the loan limits when the Funding Fee is financed				
<sup>2</sup> 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.				
<sup>3</sup> The LTV/CLTV may not be exceeded by the funding fee (funding fee must be included in LTV/CLTV calculation)				
<sup>4</sup> DTI > 41% must meet 120% of the residual income guideline or have valid compensating factor(s)				

Cash-Out Refinance (Type II Cash-Out) <sup>1</sup> High LTV > 90%				
Property Type	Loan Amount	Maximum DTI	LTV/CLTV <sup>3</sup>	Manual Underwrite Permitted
Minimum FICO 550				

1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	Per AUS <sup>4</sup>	>90%- ≤ 100%	No
Minimum FICO 580				
1-4 Unit, Manufactured Home	≤ Conforming Loan Limits	60% <sup>2</sup>	>90%- ≤ 100%	Yes
Minimum FICO 600				
1-4 Unit	\$1 > Conforming Loan Limits - \$1,000,000	Per AUS <sup>4</sup>	>90%- ≤ 100%	No
		60% <sup>2</sup>		Yes
Minimum FICO 680				
1-4 Unit	\$1,000,001- \$2,000,000	Per AUS <sup>4</sup>	>90%- ≤ 100%	No
Footnotes				
<sup>1</sup> The loan amount, including the VA Funding Fee, may exceed the payoff amount of the loan being refinanced. The base loan amount may exceed the loan limits when the Funding Fee is financed				
<sup>2</sup> Loans with debt-to-income ratios >41% to 50% may be permitted with compensating factors as outlined in the Debt to Income (DTI) section below. Loans with debt-to-income ratios >50% and up to 60% permitted only with minimum residual income of 120%				
<sup>3</sup> The LTV/CLTV may not be exceeded by the funding fee (funding fee must be included in LTV/CLTV calculation)				
<sup>4</sup> DTI > 41% must meet 120% of the residual income guideline or have valid compensating factor(s)				

Program Parameters			
Type I & Type II Cash-Out Refinances	<ul style="list-style-type: none"> <li>Type I - new loan amount does not exceed the existing loan payoff <ul style="list-style-type: none"> <li>The proceeds to the borrower on a Type I rate and term refinance are limited to \$500 in all states excluding Texas</li> <li>Texas proceeds to the borrower are \$0. Loans are designed to pay off an existing non-VA loan and are allowed under Texas Section 50 (a)(4)</li> </ul> </li> <li>Type II - new loan amount is greater than the existing loan payoff <ul style="list-style-type: none"> <li>Texas 50(a)(6) not eligible</li> <li>Type II refinances will be labeled as Cash-Out refinances in Octane</li> </ul> </li> </ul>		
	Type I & Type II Requirements Summary		
	Requirement	Type I	Type II
	LTV cannot exceed 100% including Funding Fee	x	x
	Net Tangible Benefit Test	x	x
	Loan Seasoning	x	x

	Maximum 36-month Fee Recoupment	x			
	Interest Rate/Discount Points Requirements	x			
	Refinance Comparison				
	Item	Type I: VA to VA	Type I: Non-VA to VA	Type II: VA to VA	Type II: Non-VA to VA
	Loan amount can exceed payoff (including funding fee)	No	No	Yes	Yes
	Veteran can remove equity from the property	No	No	Yes	Yes
	Fee Recoupment Requirement	Yes	No	No	No
	Requirement to reduce the interest rate	Yes	No	No	No
	Discount Point restrictions	Yes	No	No	No
	NTB requirement	Yes	Yes	Yes	Yes
	Loan Seasoning (must follow the more restrictive of VA or GNMA)	Yes	Yes	Yes	Yes
Initial and Final Loan Comparison Disclosures	Yes	Yes	Yes	Yes	
Acceptable Transaction Terms	Type I Cash-Out LTV to 100% or Type II Cash-Out LTV to 90%				
	<ul style="list-style-type: none"><li>VA 15 Year Fixed Rate</li><li>VA 15 Year Fixed Rate High Balance</li><li>VA 25 Year Fixed Rate</li><li>VA 25 Year Fixed Rate High Balance</li><li>VA 30 Year Fixed Rate</li><li>VA 30 Year Fixed Rate High Balance</li></ul>				

	<ul style="list-style-type: none"> <li>• VA 15 Year Fixed Rate - Manual UW</li> <li>• VA 15 Year Fixed Rate High Balance - Manual UW</li> <li>• VA 25 Year Fixed Rate - Manual UW</li> <li>• VA 25 Year Fixed Rate High Balance - Manual UW</li> <li>• VA 30 Year Fixed Rate - Manual UW</li> <li>• VA 30 Year Fixed Rate High Balance - Manual UW</li> </ul> <p><b>Type II Cash-Out greater than 90% LTV</b></p> <ul style="list-style-type: none"> <li>• VA 30- Year Fixed Rate High LTV Cash-Out</li> <li>• VA 30- Year Fixed Rate High LTV Cash-Out High Balance</li> <li>• VA 30- Year Fixed Rate High LTV Cash-Out - Manual UW</li> <li>• VA 30- Year Fixed Rate High LTV Cash-Out High Balance - Manual UW</li> <li>• VA 29- Year Fixed Rate High LTV Cash-Out</li> <li>• VA 29- Year Fixed Rate High LTV Cash-Out High Balance</li> <li>• VA 28- Year Fixed Rate High LTV Cash-Out</li> <li>• VA 28- Year Fixed Rate High LTV Cash-Out High Balance</li> </ul> <p><b>Adjustable Rate Products</b></p> <ul style="list-style-type: none"> <li>• VA 3/1 ARM</li> <li>• VA 3/1 ARM High Balance</li> <li>• VA 5/1 ARM</li> <li>• VA 5/1 ARM High Balance</li> </ul>
<b>Eligible Transactions</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Two Veteran/ Split Entitlement <ul style="list-style-type: none"> <li>◦ 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</li> <li>◦ Three, four, or more veterans, all of whom will use their entitlement</li> </ul> </li> <li>• VA Prior Approval required: : <ul style="list-style-type: none"> <li>◦ Vet/Non-Vet Joint Loans <ul style="list-style-type: none"> <li>■ 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</li> <li>■ A loan in which the borrowers are a Veteran and a Non-Veteran (not a spouse) must be submitted for prior approval</li> </ul> </li> </ul> </li> </ul>
<b>Ineligible Transactions</b>	<ul style="list-style-type: none"> <li>• Transaction with PACE/CA HERO program subordinate financing</li> <li>• Borrowers with DACA Status</li> <li>• Properties that are owned free and clear (property must have a valid lien)</li> <li>• Escrow waivers are not permitted</li> <li>• Life Estates</li> <li>• Blind Trusts</li> <li>• Irrevocable Trusts</li> <li>• LLCs, Corporations and Partnerships</li> <li>• Community Land Trusts</li> <li>• Marijuana Income is an unacceptable income type regardless of state law</li> <li>• Energy Efficient Mortgages (EEMs)</li> <li>• Supplemental loans</li> <li>• Temporary buydowns</li> </ul>

	<ul style="list-style-type: none"> <li>• Transactions resulting in less than 25% guaranty</li> <li>• Unsecured loans or loans secured by less than a first lien</li> <li>• Loans made to veterans rated incompetent by the Department of Veterans Affairs</li> </ul>
Eligible Properties	<ul style="list-style-type: none"> <li>• Attached/detached SFRs</li> <li>• Attached/detached PUDs</li> <li>• 1–4 Units</li> <li>• Condominiums <ul style="list-style-type: none"> <li>◦ 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</li> </ul> </li> <li>• Leasehold Estates- requires VA Prior Approval</li> <li>• Manufactured Housing <ul style="list-style-type: none"> <li>◦ Minimum of 400 square feet for single-width</li> <li>◦ Minimum of 700 square feet for double-width</li> </ul> </li> </ul>
Overlays	Refer to the <a href="#">Wholesale Lending   Product Overlay Matrix</a> for any applicable Cardinal Overlays
<b>Program Requirements</b>	
Appraisal Requirements	<ul style="list-style-type: none"> <li>• VA appraisal</li> <li>• VA will not permit appraisals to be requested through WebLGY prior to ordering a Certificate of Eligibility.</li> <li>• Notice of Value to be issued by Cardinal Financial and is valid for six months</li> </ul>
AUS	DU® or LPA® Approval <b>OR</b> DU or LPA Refer Eligible
Manual Underwriting	<ul style="list-style-type: none"> <li>• The loan must meet all published loan program guidelines</li> <li>• The underwriter's evaluation has determined the loan is an investment quality mortgage and loan file contains documentation to support the decision</li> <li>• 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%</li> <li>• Must follow the guidance in the <a href="#">Debt-to-Income (DTI)</a> section below.</li> </ul>
Borrowers Eligibility	<p>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.</p> <p>The following criteria apply:</p> <ul style="list-style-type: none"> <li>• Minimum wartime service is 90-days' active duty or minimum 181-days of continued active duty during peacetime</li> <li>• 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</li> <li>• Unremarried surviving spouse of an eligible service member who died as a result of service or service-connected injuries</li> <li>• U.S. citizens</li> <li>• Permanent resident aliens</li> <li>• Non-permanent resident aliens <ul style="list-style-type: none"> <li>◦ Refer to <a href="#">Underwriting Policy   Citizenship Requirements</a></li> </ul> </li> </ul>
Bankruptcy Chapter 7	<ul style="list-style-type: none"> <li>• Minimum of 2 years from the discharge date</li> <li>• <del>Borrowers must have no late payments on mortgages, installment debt, or other</del></li> </ul>

	<p><del>credit obligations within the past 12 months.</del></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• In no case is a bankruptcy discharged less than 12 months acceptable</li> </ul>
<b>Bankruptcy Chapter 13/ Chapter 12</b>	<ul style="list-style-type: none"> <li>• Minimum of 1 year established payment history is required, proving all bankruptcy plan payments have been made in full and on time</li> <li>• If bankruptcy is discharged, no seasoning required</li> <li>• Court approval is required if the bankruptcy is not discharged</li> </ul>
<b>Collections/Charge Offs, Tax Liens, and Judgments</b>	<ul style="list-style-type: none"> <li>• If the transaction has received an AUS approval, the findings recommendation may be followed <ul style="list-style-type: none"> <li>◦ AUS Approve and Manually Underwritten loans with applications dated on or after January 1, 2024: <ul style="list-style-type: none"> <li>■ 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</li> </ul> </li> </ul> </li> <li>• Outstanding tax liens and judgments must be paid at closing</li> </ul>
<b>Disputed Derogatory Credit Accounts</b>	<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"> <li>• 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</li> <li>• 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</li> </ul> <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"> <li>• Medical accounts; and</li> <li>• Disputed derogatory credit resulting from identity theft, credit card theft or unauthorized use <ul style="list-style-type: none"> <li>◦ 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.</li> </ul> </li> </ul>
<b>Foreclosure,  Deed in Lieu of Foreclosure</b>	<ul style="list-style-type: none"> <li>• Minimum of 2 years from the foreclosure (sheriff's) sale date</li> <li>• Exceptions may be allowed for a foreclosure date that is less than 2 years from the application date if extenuating circumstances can be documented</li> <li>• In no case is a foreclosure sale less than 12 months acceptable</li> </ul>
<b>Non-Traditional Credit</b>	Non-Traditional credit is not permitted on VA Type I or Type II refinance transactions
<b>Short Sale</b>	<ul style="list-style-type: none"> <li>• Minimum of 2 years from transfer of title</li> <li>• 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</li> </ul>
<b>Debt-to-Income (DTI)</b>	<p>Loans with AUS Approve/Eligible</p> <ul style="list-style-type: none"> <li>• Follow AUS Findings for DTI &lt;= 41%</li> </ul>

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

Manually underwritten loans

- DTI > 41% up to 60% must meet 120% of the residual income guideline, and/or have valid compensating factor(s) as outlined below

Compensating Factors/ Residual Income			
AUS Approval	Credit Score	Debt To Income Ratio	Required Compensating Factors
Yes	Per AUS	41.01% - 45%	120% Residual Income or <b>one</b> compensating factor
Yes	Per AUS	>45%	120% Residual Income or <b>two</b> compensating factors
No	>= 580 to 619	41.01%-45%	Two (2) months cash reserves, AND 120% Residual Income or <b>two</b> compensating factors <b>Note:</b> 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 <b>three</b> compensating factors <b>Note:</b> 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 <b>one</b> compensating factor
		45.01%-50%	120% Residual Income or <b>two</b> 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



	<div><p>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</p><ul style="list-style-type: none"><li>● Long-term employment<ul style="list-style-type: none"><li>○ Defined as minimum of 2 years on same job</li></ul></li><li>● Sizable down payment<ul style="list-style-type: none"><li>○ Defined as 10% down payment</li></ul></li><li>● The existence of equity in refinancing loans<ul style="list-style-type: none"><li>○ Defined as LTV of 90% or less</li></ul></li><li>● Little or no increase in shelter expense<ul style="list-style-type: none"><li>○ 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</li></ul></li><li>● Military benefits<ul style="list-style-type: none"><li>○ Defined as income type is military and non-taxable indicator is set</li></ul></li><li>● Satisfactory homeownership experience<ul style="list-style-type: none"><li>○ 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</li></ul></li></ul></div>																								
Effective Loan Limits	<div><table><tr><th colspan="3">2025 Conforming Loan Limits</th></tr><tr><th>Property State</th><th># of Units</th><th>Conforming Maximum</th></tr><tr><td>Continental U.S.</td><td>1-4 Units</td><td>\$806,500</td></tr><tr><td>Alaska and Hawaii</td><td>1-4 Units</td><td>\$1,209,750</td></tr></table><table><tr><th colspan="3">2024 Conforming Loan Limits</th></tr><tr><th>Property State</th><th># of Units</th><th>Conforming Maximum</th></tr><tr><td>Continental U.S.</td><td>1-4 Units</td><td>\$766,550</td></tr><tr><td>Alaska and Hawaii</td><td>1-4 Units</td><td>\$1,149,825</td></tr></table></div>	2025 Conforming Loan Limits			Property State	# of Units	Conforming Maximum	Continental U.S.	1-4 Units	\$806,500	Alaska and Hawaii	1-4 Units	\$1,209,750	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
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Funding Fee	<div><ul style="list-style-type: none"><li>● Veteran can be exempt from the VA funding fee (specified on the current Certificate of Eligibility)</li><li>● VA funding fee can either be paid in full in cash at closing OR financed into the total loan amount (cannot be split)</li><li>● 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</li><li>● Purple Heart Recipients<ul style="list-style-type: none"><li>○ 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</li></ul></li></ul><p>See current funding fee chart in the Cardinal Financial VA program guidelines</p></div>																								

<b>Geographic Restrictions</b>	<p>The following state restrictions apply to all transactions:</p> <ul style="list-style-type: none"> <li>Montana <ul style="list-style-type: none"> <li>Lot size of the property may not exceed 40 acres</li> </ul> </li> </ul>																						
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Minimum \$50,000</li> <li>Maximum \$2,000,000</li> </ul>																						
<b>Loan Comparison Disclosure</b>	<p>The following comparisons are required for all non-IRRRL Refinance transactions between the new loan request vs the loan being refinanced:</p> <ul style="list-style-type: none"> <li>Refinancing loan amount (including funding fee if financed) vs. the payoff amount of the loan being refinanced</li> <li>Interest Rate</li> <li>Loan type (i.e., fixed, adjustable)</li> <li>Loan term of the refinancing loan vs. the remaining term of the loan being refinanced</li> <li>The total the Veteran will have paid after making all remaining payments (principal and interest), and mortgage insurance, as scheduled, for the existing loan and the proposed/new refinance loan</li> <li>LTV of the new loan vs. the loan being refinanced to current value of the home</li> <li>Home Equity - must disclose the amount of home equity being removed from the home as a result of the new loan</li> </ul> <p><i>This disclosure which also contains the Net Tangible Benefit selections must be provided to the borrower within 3 business days from the initial date of loan application and again at loan closing.</i></p>																						
<b>Maximum Guaranty and Entitlement</b>	<table border="1"> <thead> <tr> <th colspan="2">Full Entitlement Maximum Potential Guaranty</th> </tr> <tr> <th>Base Loan</th><th>Guaranty</th></tr> </thead> <tbody> <tr> <td>&lt; or = \$45,000</td><td>50% of the loan</td></tr> <tr> <td>\$45,001 - \$56,250</td><td>\$22,500</td></tr> <tr> <td>\$56,251 - \$144,000</td><td>40% of the Loan with a maximum of \$36,000</td></tr> <tr> <td>&gt;\$144,000</td><td>The maximum amount of guaranty for a loan above \$144,000 is 25% of the loan amount, regardless of the Freddie Mac CLL</td></tr> </tbody> </table> <p>VA guaranty or combination of guaranty plus down payment/subject equity must be =&gt; 25% of the total loan amount including the funding fee</p> <table border="1"> <thead> <tr> <th colspan="2">Partial Entitlement Maximum Potential Guaranty</th> </tr> <tr> <th>Base Loan</th><th>Guaranty</th></tr> </thead> <tbody> <tr> <td>&lt; or = \$45,000</td><td>50% of the loan</td></tr> <tr> <td>\$45,001 - \$56,250</td><td>\$22,500</td></tr> <tr> <td>\$56,251 - \$144,000</td><td>40% of the Loan with a maximum of \$36,000</td></tr> </tbody> </table>	Full Entitlement Maximum Potential Guaranty		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	>\$144,000	The maximum amount of guaranty for a loan above \$144,000 is 25% of the loan amount, regardless of the Freddie Mac CLL	Partial Entitlement Maximum Potential Guaranty		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
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	<table border="1"> <tr> <td data-bbox="435 132 971 499">&gt;\$144,000</td><td data-bbox="976 132 1516 499"> <p>The maximum amount of guaranty is the lesser of</p> <ul style="list-style-type: none"> <li>25% of the loan amount OR</li> <li>The maximum amount of guaranty entitlement available; the maximum amount of guaranty entitlement is 25% of the Freddie Mac CLL, reduced by the amount of entitlement previously used (not restored) by the Veteran</li> </ul> </td></tr> <tr> <td colspan="2" data-bbox="435 499 1516 590">           VA guaranty or combination of guaranty plus down payment/subject equity must be =&gt; 25% of the total loan amount including the funding fee         </td></tr> </table>	>\$144,000	<p>The maximum amount of guaranty is the lesser of</p> <ul style="list-style-type: none"> <li>25% of the loan amount OR</li> <li>The maximum amount of guaranty entitlement available; the maximum amount of guaranty entitlement is 25% of the Freddie Mac CLL, reduced by the amount of entitlement previously used (not restored) by the Veteran</li> </ul>	VA guaranty or combination of guaranty plus down payment/subject equity must be => 25% of the total loan amount including the funding fee	
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<b>Net Tangible Benefit</b>	<p>A Net Tangible Benefit (NTB) must be documented on all refinance transactions. A NTB can be met with one of the following:</p> <ul style="list-style-type: none"> <li>The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance;</li> <li>The term of the new loan is shorter than the term of the loan being refinanced;</li> <li>The interest rate on the new loan is lower than the interest rate on the loan being refinanced;</li> <li>The payment on the new loan is lower than the payment on the loan being refinanced;</li> <li>The new loan results in an increase in the borrower's monthly residual income;</li> <li>The new loan refinances an interim loan to construct, alter, or repair the home;</li> <li>The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or;</li> <li>The new loan refinances an adjustable rate loan to a fixed rate loan</li> </ul>				
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Owner-occupied primary residences only</li> <li>Below are acceptable scenarios for meeting owner occupancy status:               <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> </li> <li>Personal occupancy is required for single Veterans, whether or not the Veteran is on active duty.</li> <li>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.</li> </ul>				
<b>Recoupment</b>	<p>Payment Decreasing (Lower monthly principal and interest (PI) payment:</p> <ul style="list-style-type: none"> <li>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</li> </ul> <p>Payment Stays the Same or Increases (Same or greater monthly principal and interest (PI)) payment:</p>				

	<ul style="list-style-type: none"> <li>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)</li> <li>A lender credit may be applied to offset any fees incurred</li> </ul>
Reserves	<ul style="list-style-type: none"> <li>1-Unit: No reserves are required</li> <li>2–4 Units &amp; rental income <b>IS NOT USED</b> to qualify: No reserves are required</li> <li>2–4 Units &amp; rental income <b>IS USED</b> to qualify: 6 months PITIA reserves required <ul style="list-style-type: none"> <li>History of prior rental management must be documented with two years of tax returns, or a signed contract with a Property Management Company</li> </ul> </li> <li>Other rental properties not secured by VA loan: 3 months PITIA required for each additional property when using rental income to qualify</li> <li>No-credit score requires two months of reserves</li> <li>Refer to the Debt-to-Income (<a href="#">DTI</a>) section for additional reserves that may be required due to the underwriting method.</li> <li>Refer to the Lending Guide for reserve requirements on a Departure Residence</li> </ul>
Seasoning Requirement for Refinances	<ul style="list-style-type: none"> <li>Transactions must meet both VA AND Ginnie Mae seasoning requirements as detailed in the <a href="#">Government Loan Seasoning Requirements</a> for details.</li> </ul>
<b>ARM Terms</b>	
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 <a href="https://www.federalreserve.gov/releases/h15/default.htm">https://www.federalreserve.gov/releases/h15/default.htm</a>.</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"> <li>The interest rate must remain constant for an initial period of 3 or 5 years, depending on the ARM program chosen</li> <li>The initial adjustment is limited to a maximum increase, or decrease of one percentage point</li> <li>Remaining adjustments may change annually for the remainder of the mortgage term</li> </ul>

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