
Lending Guide

Chapter 1 | Introduction

Cardinal Financial Company, Limited Partnership (“Cardinal”) is a residential mortgage lender with retail and wholesale operations conducting business in all 50 states.

Cardinal Lending Philosophy

This Guide outlines the requirements for Cardinal residential mortgage originations. Cardinal has a zero-tolerance policy for any form of discrimination, abusive practices, deceptive practices, and predatory practices, whether intentional or unintentional. It is the responsibility of every Cardinal employee to understand what constitutes these types of actions and to report any instances of discrimination or violation of this policy to Compliance.

Application of this Guide and its requirements must ensure that every borrower has equal opportunity to make an application, is granted access to all products for which they may qualify, and is given ample opportunity to complete the approval process. These guidelines are designed to establish sound underwriting criteria, establish Cardinal’s risk thresholds, and support Cardinal’s mortgage product offerings. All loans funded or purchased by Cardinal must meet the requirements as outlined in specific product guidelines as well as this Lending Guide.

About this Guide

Cardinal guidelines have been created to provide direction and consistency in determining credit risk decisions. The guides do not include all situations that may arise on any given transaction. Cardinal reserves the right to apply additional underwriting criteria, depending on the overall risk or uniqueness of the file.

The omission of any underwriting requirements from within this Lending Guide or a product guideline may be an oversight and should not be interpreted as either restrictive or permissive. Cardinal may revise this Lending Guide at any time without advance notice.

Unless the context otherwise requires, words of the masculine gender include the feminine and neuter, and words of the feminine gender include the masculine and the neuter. When the context indicates, words of the neuter gender may refer to either gender, and words in the singular number may include the plural and vice versa.

Credit Authority Limits

It is the objective of the Senior Management team at Cardinal Financial Company, LLP to create clear and comprehensive standards regarding the delegation of underwriting authority that will protect Cardinal from unnecessary risks associated with credit decisioning, and also designate a coherent career path for employees and credit managers.

Senior Management encourages all underwriters, or employees who wish to become underwriters, to complete the necessary work/training required to establish or elevate their credit authority as defined in the [Underwriting Delegation Policy](#).

Training

All employees, Officers, and Senior Management must receive adequate annual training to ensure compliance and adherence to all mortgage lending regulations. The format includes departmental and individual-specific information based on the employee's job function.

Non-Compliance

Company risk for violation, intended or unintended, of mortgage lending regulations is significant. Enforcement against employees violating the policy must be commensurate with the actual or potential consumer impact.

Reported violations, or those found during the reporting or auditing process, must be addressed by compliance for analysis of consumer impact and recorded in the employee's Human Resources file. A mitigation or training plan must be developed and executed to prevent future violations. Violations resulting in significant and willful consumer harm can result in immediate termination of the employee. Additionally, multiple violations that are less significant in nature or unintentional may result in disciplinary action, up to and including termination of the employee.

Social Security Number or TIN

Any use of a Social Security Number or Individual Taxpayer Identification Number (TIN) for purposes of filing income taxes which was not legally issued to an applicant is considered fraud. As such, the applicant will not be eligible for a loan through Cardinal, and evidence of such fraud will be reported as required under Cardinal Policy.

Credit Escalations and Exceptions

Any exceptions to published credit guidelines, or escalations based on credit decisions, are subject to all limitations and standards as described in the [Compliance Loan Exceptions Policy](#) and must follow the prescribed [Requesting Credit Exceptions](#) process.

Cardinal Maximum Exposure to the Same Borrower

Cardinal Financial limits its credit and risk exposure by defining the maximum number of originated transactions each borrower can possess. Cardinal will not approve and close loans for borrowers having excessive risk defined as follows:

- No more than six (6) loans with Cardinal Financial, or
- No more than an aggregate loan amount greater than \$4,000,000 without an approved loan exception.

The maximum number of loans and aggregate loan amount calculations include all of the following:

- Loans with Cardinal Financial that are pending applications or are closed and pending a loan sale.
- Loans that are closed and currently serviced by Cardinal Financial.

The maximum number of loans and aggregate loan amount calculations do **not** include all of the following:

- Loans closed with Cardinal Financial, with servicing rights sold to another lender within the most recent 24 months. (e.g loan was sold to Lakeview and the liability on the credit report shows the lender is Lakeview)

Borrower Eligibility

Borrower (Applicant) - Age Requirements

All borrowers must be legally capable of entering into a binding mortgage obligation. Accordingly, each borrower must have reached the age of majority as defined by applicable state law in order to execute a Note, Mortgage, or Deed of Trust.

In most states, the age of majority is 18. However, certain states have an age of majority that differs from age 18. For these states, Cardinal requires confirmation of the borrower's legal capacity to contract. The settlement agent should be consulted for transaction-specific requirements.

There is no maximum age limit for a borrower.

States with an age of majority different from age 18 include, but may not be limited to:

- Alabama
- Nebraska

Non-Applicant Title Holder - Age Requirements

Individuals who hold title to the property but are not borrowers are not subject to Cardinal's borrower eligibility requirements. Cardinal defers to applicable state law to determine whether a non-borrower title holder meets the legal age requirements to hold title to real property.

If a minor is identified as a title holder, Cardinal requires written or electronic confirmation from the settlement agent that the minor's ownership interest and age are permitted under applicable state law.

Loan Amounts

Minimum Loan Amount

There is no minimum loan amount on any FHA loan product. As a reminder, all loans must meet state and federal requirements regarding high-cost tests. To see specific minimum loan amounts per channel, please reference below.

Retail Lending

Cardinal Financial's minimum loan amount for all Retail Lending Conventional, VA, and USDA loans is \$30,000. Conventional and VA loan amounts that are below \$30,000 may be considered with approval from the Credit Committee.

Fannie Mae HomeReady and Freddie Mac Home Possible mortgages have a minimum loan amount of \$50,000 as set by Cardinal.

Third-Party Originations

Cardinal Financial's minimum loan amount for Third-Party Origination is \$50,000 for Conventional, VA, and USDA loan products.

Maximum Loan Amount

Refer to the specific product guideline for applicable maximum loan amounts.

Geographic Lending Area

Cardinal Financial is licensed to lend in all states. Cardinal Financial does not lend in Puerto Rico, Guam, or the U.S. Virgin Islands.

Home Ownership and Protection Act (HOEPA) Loans

Cardinal will not originate any HOEPA loans. A loan is considered high-cost if the transaction's annual percentage rate (APR) exceeds the Average Prime Offer Rate (APOR).

Fair and Responsible Lending

Policy and Standards

It is the policy of Cardinal to make its credit products available to all qualified applicants without discrimination on the basis of race, color, sex, religion, age, national origin, handicap, marital or familial status, receipt of public assistance, or good faith exercise of rights under the Federal Consumer Protection Act. It is, and will continue to be, Cardinal's policy not to discourage the submission of an application for credit by any applicant on any of the prohibited areas listed above. All consumers are to be treated fairly, consistently, and in compliance with fair lending laws. See [Compliance | Fair and Responsible Lending Policy](#)

Marketing

All marketing materials must contain the required ECOA/Fair Lending notice and any other State-required disclosure. Content does not reference or target any specific prohibited data characteristics nor deter an applicant from submitting an application based on prohibited characteristics.

Pre-Application Interviews

Communication with an applicant prior to an application being received must include oral disclosure of the borrower's rights granted through Regulation B (ECOA). Information may not be obtained or requested with the intent or effect of discriminating against the applicant. Originators may not discourage an applicant from applying based on any prohibited characteristics nor capture any prohibited data other than the required HMDA information obtained during the course of an application interview.

Anti-Steering

Cardinal does not tolerate the “steering” of borrowers into particular loan products in violation of the provisions of 12 CFR § 1026, et. seq (TILA). As a control on “steering,” Cardinal has adopted a loan originator compensation structure that does not allow for “compensation based on a term of a transaction or a proxy for a term of a transaction,” as required by the CFPB’s February 15, 2013 rule entitled “Loan Originator Compensation Requirements under the Truth in Lending Act (Regulation Z).”

Application Interview

Any written, electronic or oral form of application that is completed by a borrower must contain the minimum Regulation B wording and notices regarding an applicant’s right to withhold information of a prohibitive nature.

Consumer Privacy

The Gramm-Leach-Bliley Act (GLB Act or GLBA), also known as the Financial Modernization Act of 1999, is a federal law enacted to control the ways that financial institutions deal with the private information of individuals.

Customer Information Sharing - Privacy Policy

Cardinal does not participate in any form of customer information sharing. Cardinal does not sell, share, or otherwise distribute any consumers’ public or nonpublic personal information with third parties or affiliates.

Form(s) and Delivery Requirements

Cardinal provides a written privacy policy notice to all consumers who enter into a customer relationship with Cardinal.

Consumer Information Safeguarding

Cardinal has a responsibility to safeguard a consumer's non-public information ("NPI") that is obtained during the application process. This includes information stored in a Cardinal database, contained in any physical file or document, or in any Cardinal system.

Communication

All communication pertaining to borrower information or transaction information is subject to the Customer Identification and Communication Policy. Cardinal employees must follow all standards for borrower identification or third-party authorization regarding verbal or written requests for information.

Document Shredding and Destruction

Whenever possible, Cardinal will retain documents in an electronic format. However, if a physical copy is available, proper destruction after use is required.

Clean Desk Requirements

It is each employee's responsibility to ensure that his or her desk is clear of all confidential and/or proprietary information when not in use. Having this information openly displayed when unattended is a security risk. Employees must secure confidential and/or proprietary data and documentation (including loan files) at the end of each business day.

Secure Access

Corporate and Operations offices will be protected for entry with either an access pin door lock or key card and will be locked via key card or hard lock system during all non-business hours.

Protected entry at a main entrance is not required during regular business hours if the entry point is separated from any consumer NPI and a Cardinal employee is seated in the area.

Customer Identification and Information

Cardinal has a responsibility to ensure that the information of its customers is kept private and safe. A significant component of keeping that information safe is ensuring that people contacting Cardinal purporting to be Cardinal customers are who they claim to be. Going through a customer identification procedure protects Cardinal's customers from phishing, social engineering scams, and other types of

fraudulent activity. See Cardinal's Customer Information Safeguarding Policy and Anti-Money Laundering Policy for more information.

Anti-Money Laundering

Cardinal's Anti-Money Laundering Policy provides guidance for the Financial Crime Enforcement Network rules requiring loan and finance companies to comply with the Bank Secrecy Act requirements for establishing an anti-money laundering program and filing Suspicious Activity Reports as necessary. The following items can be found in Cardinal's Anti-Money Laundering Policy:

- Policies, procedures, and internal controls;
- A designated compliance officer responsible for the implementation, updating, and training of the program for the company, its agents, and brokers;
- Ongoing training for appropriate persons concerning their responsibilities under the program; and
- Independent testing for the program commensurate with the risks posed by the company's products and services.

LoanSafe Fraud Manager

Confirmation of Searches Performed

The following parties to the transaction are to be searched and results displayed under Confirmation of Searches Performed inside LoanSafe Fraud Manager:

- Appraisal Company
- Appraiser
- Borrower / Co-Borrower
- Buying Agent
- Escrow Officer
- Escrow Officer Company
- Hazard Insurance Agency*
- Investor
- Lender
- Loan Officer

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- Processor
 - Selling Agent
 - Title Agent
 - Title Company
 - Underwriter

*A separate search is not required for the Hazard Insurance Agent

The search results must be reviewed for any alerts. Supporting documentation used to address the alerts, i.e., evidence of a cleared SAM search, must be included in the loan file.

Search categories for all parties include the following categories and databases:

- OFAC
- SSN
- MERS
- NMLS
- ASC
- SAM.gov
- Other Government, which includes HUD LDP, FHFA SCP
- Freddie Mac
- Client Supplied, which includes FNMA

Refer to Chapter 2 Documentation Standards for additional information and requirements.

Red Flag Identity Theft Program

The objective of a Red Flag Identity Theft program is to detect, prevent, and mitigate identity theft in connection with the opening of all covered accounts or any existing covered accounts. Red flags apply to covered accounts that include new or existing customer information accessed by the creditor or accessed by third parties. Red flags are often discovered by cross-checking telephone directories, other public or internet sources. Red flags are generally identified on consumer reports as alerts, notifications, or warnings on the credit report. Red flags can also be noted on a Social Security number validation check, as well as on Factual ID or Fraud Check. Cardinal requires the investigation of any red flag. See the Anti-Money Laundering policy for more information.

Safe Act

The purpose of the SAFE Act is to enhance consumer protection and the participation of the state fraud agencies on the Nationwide Mortgage Licensing System and Registry (NMLS). The SAFE Act is designed to enhance consumer protection and reduce fraud through the setting of minimum standards for the licensing and registration of state-licensed Mortgage Loan Originators (MLOs).

Cardinal's Licensing department is appointed to manage compliance with the SAFE Act and ensure all employees acting as MLOs are in compliance at all times with the SAFE Act. The Licensing department will ensure all MLO employees are registered properly and renewed annually.

Consumer Inquiries and Complaints

Cardinal upholds the highest standards when interfacing with consumers, and leverages technology when possible to expedite and proficiently manage the complaint and inquiry intake, routing, review, and responses.

The Consumer Advocacy Department provides responsive and professional communication to Cardinal's customers and employees. Consumer Advocacy purposefully works to meet the Consumer Goals as well as compliance with the Applicable Law. Please see Cardinal's Consumer Inquiries and Complaint Response Policy.

Do Not Call Policy

Consumers may submit Do Not Call or Revocation of Consent requests by directly speaking with a Cardinal employee and requesting to be placed on the do not call list, by emailing clientcare@cardinalfinancial.com, or by calling 1-855-561-4944. If a requestor moves or changes their telephone number, the original request may be deleted. If a requestor wishes to re-establish a Do Not Call or Revocation of Consent request, they must contact us at 1-855-561-4944. For more information on the Telephone Consumer Protection Act and Do Not Call rules, see Cardinal's Do Not Call Policy.

Mortgage Acts and Practices (MAPS) Advertising Policy

The MAPS rule outlines specific deceptive acts and practices in the advertising of mortgage products and prohibits misrepresentation in any commercial communication concerning the terms of mortgage products. This includes internet, radio, billboards, print, and television advertising. This policy pertains to

all internet, radio, billboards, print and television advertising, consumer-facing information regarding Cardinal services or products, or the Company in general.

Cardinal will not make any material misrepresentation, expressly or by implication, in any commercial communication, regarding any term of any mortgage credit product. Cardinal will not make any of the prohibited statements in mortgage advertising. Cardinal will not participate in any marketing or advertising that is considered deceptive.

Social Media Policy

Federal and state regulators view social media platforms as advertising and apply the same rigorous rules to postings on social media. Cardinal will treat any social media posting that references Cardinal as marketing material and requires that all applicable marketing rules are followed. Employees should reference Cardinal's Social Media Policy for more information.

TILA/RESPA Integrated Disclosure Act (TRID)

The Dodd-Frank Act directed the CFPB to integrate the HUD-1 Settlement Statement and the Truth in Lending Form under TILA and RESPA sections 4 and 5. This integration is enacted under the RESPA-TILA Integrated Mortgage Disclosures Act (TRID) and applies the requirements regarding disclosures that Cardinal provides to mortgage applicants. TRID is designed to help borrowers understand the terms of their home financing transaction. See Cardinal's TRID Policy for more in-depth coverage.

E-Consent

The Electronic Signatures in Global and National Commerce Act (E-Sign Act) provides a general rule of validity for electronic records and signatures for transactions in or affecting interstate or foreign commerce. The E-Sign Act allows the use of electronic records to satisfy any statute, regulation, or rule of law requiring that such information be provided in writing if the consumer has affirmatively consented to such use and has not withdrawn such consent. Elements required by the E-Sign Act include, but are not limited to:

- A statement informing the consumer of any right or option for disclosures to be provided in paper form;

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- The procedures for obtaining a paper copy of an electronic record and whether there is a fee for this service;
 - Whether or not the consent is applicable only to the specific transaction;
 - Procedure(s) the consumer must use to withdraw consent; and
 - A statement of the hardware and software requirements for access to and retention of electronic records.

Cardinal will capture a borrower's consent to receive loan documents electronically prior to electronic delivery of the loan documents. Note: Wet signatures are not allowed on the consent form as they do not demonstrate the consumer's ability to open and view the disclosures via electronic means.

E-Sign Requirements as They Relate to Regulation Z

In order to meet the timing requirements of Regulation Z when delivering disclosures electronically, the consumer must first affirmatively consent to electronic delivery. If the consumer does not consent to electronic delivery by the third business day after application, the disclosures must be delivered in an alternate format (e.g. mail, in-person) by the third business day.

- Example:
 - An application is taken on Monday, and the E-Sign and Reg Z disclosures are sent electronically the same day.
 - The consumer does not consent, and disclosures are not signed until Friday.
 - In this scenario, a Regulation Z timing violation has occurred. The consumer did not provide the consent within three business days. Therefore, the "mailbox rule" cannot be applied, and the disclosures are required to be provided via an alternate method within three business days of application.
- Example:
 - An application is taken, and the consumer consents to E-Sign on Monday.
 - The Reg Z disclosures are subsequently sent electronically on the same day.

- In this scenario, the “mailbox rule” can be applied and the disclosures are considered received on Thursday.

Electronic Signatures

Cardinal will accept electronic signatures on documents and disclosures used during the loan approval process per TILA, MDIA, E-SIGN, UETA, and Regulation Z. All documents must be delivered and received via the Cardinal Loan Origination System (LOS) to qualify. Please see the Electronic Signature policy for more information on which documents qualify for electronic signature.

Document Retention

The requirements for retention of loan documents are defined by state-level requirements, federal legal requirements, and agency requirements. State document retention requirements vary in duration, with the most onerous requirement being a period of seven years. Cardinal maintains records for seven years to meet this requirement.

References

Reference List
Compliance Loan Exception Policy
Requesting Credit Exceptions
Underwriting Delegation Policy

Revision History

Revision History is to be used as a reference only and will only provide a summary of document changes. For complete versioning, refer to the Google Docs versioning functionality, which is the system of record.

Date	Description	Approver
1.26.26	Added Age Requirements for Borrower and Non-Applicant Title Holder. This update is clarification and may be applied to all loans in process.	Ellen Clayson
12.14.21	Immaterial changes. Corrected grammar and formatting to align with company standards.	-

7.16.21	Revised Maximum Exposure to the Same Borrower	Ellen Clayson
3.29.20	Updated Maximum Exposure to permit a dollar amount over \$2,000,000 when there is one loan and the product utilizes a specific investor	Ellen Clayson
2.16.20	Added use of an applicant's SSN or ITIN which was not issued legally is considered fraud and evidence of such fraud will be reported as required under Cardinal Policy	Erica Price
5.21.19	Clarified E-Sign Requirements	Ellen Clayson
12.19.18	Bifurcated minimum loan amount per channel	Erica Price
12.4.18	Updated state availability for Wholesale	Erica Price
8.22.18	Updated Minimum Loan Amount	Stephanie Camara-Ray
1.30.18	Updated Minimum Loan Amount	Stephanie Camara-Ray
9.2019	Initial Approval	Erica Price