
Lending Guide

Chapter 2 | Document Standards

Cardinal Financial requires that all loans be documented and processed in accordance with agency and investor guidelines. The following standards apply to agency transactions and may be applied to Non-conforming, FHA, USDA, or VA transactions if there is not a more stringent requirement on the particular program or product.

Cardinal Overlays to agency guidelines are highlighted in our signature **Riptide** color, and are also listed in the corresponding [Retail](#) or [TPO](#) Product Overlay Matrix available on the HUB.

Zero Fraud Tolerance

Fraud is the intentional misrepresentation of facts that are material to the underwriting decision on a loan. Cardinal has a zero-tolerance policy on matters relating to fraud or misrepresentation. Verification of all information will occur, and if fraudulent activity is suspected, it shall be reported to Cardinal's Compliance Officer.

Conflict of Interest

Cardinal Financial loan team member(s) involved in our transaction, in any capacity, may not also be acting in the following roles:

- Seller
- Buyer
- Real Estate Agent
- Settlement Attorney
- Appraiser
- Title Agent
- Title Insurance Provider
- Notary
- Inspector
- Homeowner Insurance Provider

Refer to individual loan programs for any agency or investor-specific guidance regarding Conflict of Interest transactions.

Fair Credit Reporting Act

The Fair Credit Reporting Act of 1970, 15 U.S.C. § 1681, et. seq. (“FCRA”) establishes laws regarding the purpose and acquisition of credit reports used in conjunction with mortgage financing. The FCRA is intended to protect consumers from misinformation being used against them. It offers very specific guidelines on the methods credit reporting agencies use to collect and verify information and outlines reasons that information can be released. Mortgage Lenders must have a ‘permissible purpose’ and must obtain a consumer’s consent before they are allowed to acquire a credit report. To ensure Cardinal Financial Company, Limited Partnership’s (“Cardinal”) adherence to this law, the following policy and practices are effective immediately. (Note adverse actions under FCRA are addressed in Cardinal’s [Fair and Responsible Lending Policy](#).)

Policy & Standards

Permissible Purpose

Cardinal employees must have a permissible purpose to request a credit report on a consumer. An allowable permissible purpose for a mortgage lender includes requesting a credit report in connection with a credit transaction involving a consumer. A credit report will only be requested in connection with an application for a mortgage loan.

Authorization

Mortgage loan originators (“MLO”) may obtain a credit report for a consumer only in conjunction with a mortgage loan application. In accordance with applicable federal and state regulations, MLOs must ensure they have adequately identified the consumer and must obtain a consumer’s authorization prior to acquiring a credit report.

To verify identity verbally, a consumer must be able to provide their current address, full legal name, date of birth, and social security number. If credit report acquisition occurs subsequent to the application interview, the borrower must confirm their identity by confirming their full legal name, last four digits of the social security number, and either the subject property address or their current residence address.

If the application interview or the authorization to obtain credit is provided in person, a copy of the borrower’s photo ID is required.

A credit report may only be obtained with the express consent of the individual to whom the credit pertains (“Credit Subject”). Cardinal must obtain such permission either in writing or verbally.

Permission may not be granted on behalf of another individual, even if such individual is the spouse of the Credit Subject. If a joint applicant is added to the loan after an initial credit report has been obtained, the additional person must provide their authorization. The method of authorization is subject to the following standards and requirements:

- If the borrower has not yet completed an application and a soft pull credit report will be obtained for prequalification purposes, loan originators are required to obtain authorization to acquire credit via phone, face-to-face, email or mail. Authorization obtained from any of those methods must be input within Octane, the system of record.
- If the borrower's application is completed online, authorization to acquire credit is captured via the internet during the application process.
- If the borrower's application is completed through any other method, authorization to acquire credit may be captured via phone, face to face, email, or mail. Authorization obtained from any of those methods must be input within Octane, the system of record.

Required Scripts

Cardinal does not have a formally required script to be utilized for authorization to pull credit and will rely on the MLO's good judgment and professionalism to ensure applicant(s) are properly informed and sufficient authorization is obtained. **At a minimum, the MLO must state "Do I have your authorization to pull credit?"**

System Process and Data Capture

Prior to obtaining credit on any application, the MLO must capture in the system of record detailed information regarding the borrower's authorization indicating:

- The party who granted authorization,
- The method it was obtained, and
- The date it was obtained

Disclosure of Credit Scores

When a credit score is used in connection with the arranging or making of a mortgage loan, a disclosure titled "Notice to The Home Loan Applicant" is provided to the consumer. Cardinal contracts with its

consumer reporting agencies to create and provide this disclosure to all consumers that Cardinal is provided a credit score.

Prescreened lists

At times Cardinal may initiate a marketing campaign that uses a list of prescreened consumer reports obtained from a consumer reporting agency that includes consumers that meet certain predetermined creditworthiness criteria. When one of these lists is used, a firm offer of credit is made to each consumer on the list. In addition to the firm offer of credit, an opt-out notice will be provided to the consumer indicating the process a borrower can follow to opt-out of being included on prescreened lists.

Enforcement

If during any routine, random audit it is discovered that an MLO is in violation of this policy, they may be subject to disciplinary action, up to and including termination of employment.

Waiver of Required Wait Times

A consumer may modify or waive the right to the seven-business-day waiting period required by 12 CFR § 1026.19(e)(1)(iii) only after the creditor makes the disclosures required by 12 CFR § 1026.19(e)(1)(i). Under the final rule, if a consumer determines that an extension of credit is needed to meet a bona fide personal financial emergency, the consumer may shorten or waive the seven business-day waiting period or the three-business-day waiting period required by 12 CFR § 226.19(a)(2) after the consumer receives accurate TILA disclosures that reflect the final costs and terms.

Senior Management Position

Senior Management at Cardinal Financial Company, Limited Partnership (“Cardinal”) understands that circumstances exist where the required disclosure waiting period on a loan, which is designed to protect the consumer, can sometimes cause unintended harm if the wait causes a consumer a bona fide personal financial emergency. These circumstances rarely occur, however, Cardinal will have in place a practice in which those circumstances can be escalated to Senior Counsel for review and consideration of approval.

Granting a waiver of the required waiting period exposes Cardinal to extreme risk, given that the rule provides limited guidance on what constitutes a bona fide personal financial emergency and simply states that “the waiver should be reserved for limited use: when a consumer faces a true financial

emergency, as distinct from an inconvenience”. To protect Cardinal from unnecessary risk, waivers will only be considered if a borrower's attested circumstances rise to the level of a clear emergency.

Bona Fide Emergency

Circumstances that rise to a bona fide financial emergency will be unique to each borrower, further, the emergency must occur before the end of the required waiting period. It is strictly against Cardinal policy to aid a consumer in any way in defining the circumstances of their emergency. All consumer requests will be reviewed, and a consumer should not be dissuaded from submitting their request should they desire to do so.

To ensure proper application of this policy, Cardinal will not set a list of acceptable circumstances that qualify. To aid Operations in consulting consumers on when a waiver may be considered, the following is a partial list of illustrative examples of when a waiver may be considered:

- A mandatory military service deadline,
- An emergency medical procedure,
- Loss of ability to purchase a home due to a pending foreclosure filing.

The following is a partial list of illustrative examples of when a request does not rise to a bona fide financial emergency:

- Avoidance of a rate lock extension or expiration,
- Avoidance of a renegotiation of settlement deadlines,
- Loss of earnest money,
- Travel or vacations,
- Need for temporary housing.

Requirements

Disclosure rules are provisioned with waiting periods to ensure that, after delivery, a consumer has adequate time to review the provided information before proceeding with the transaction. To ensure that consumers maintain reasonable protection under the law, Cardinal has adopted the following

standards regarding allowing a borrower the right to waive a required waiting period based on the type of disclosure.

Cardinal recognizes that a bona fide personal financial emergency could occur at any time, including after the consumer receives the initial early disclosures. For example, a consumer might receive the closing disclosures with the expectation of closing the loan within 3 days. However, the consumer's financial circumstances might change in the interim, creating a need to consummate the loan immediately.

Early Disclosure(s)

Cardinal will not allow the waiver of the required seven-day waiting period after initial disclosures are received by the borrower(s).

Closing Disclosure(s)

Cardinal will consider the waiver of the required three-day waiting period after closing disclosures are received by the borrower(s) if it is determined that the wait will cause a bona fide financial emergency as described in this policy. A waiver of the closing disclosure waiting period does not preclude the required seven-day wait after early disclosures are received.

Right to Rescind

Cardinal will consider the waiver of the required three-day waiting period after a borrower executes a copy of their right to rescind disclosure if it is determined that the wait will cause a bona fide financial emergency as described in this policy. A waiver of the right to rescind the waiting period does not preclude the required seven-day wait after early disclosures are received.

Revised Closing Disclosure(s) Requiring Additional Waiting Period

In the event that a new waiting period applies for revised closing disclosures, Cardinal will consider the waiver of the required three-day waiting period after the revised closing disclosures are received by the borrower(s) if it is determined that the wait will cause a bona fide financial emergency as described in this policy. A waiver of the revised closing disclosure waiting period does not preclude the required seven-day wait after early disclosures are received.

Statement from Consumer

Cardinal may not use pre-printed forms for the use of a waiver request. The consumer must provide all the following to Cardinal for their request to be considered:

- A dated written statement that describes the emergency,
- Specific request and approval to modify or waive the waiting period, and
- The signature of all the consumers who will be primarily liable on the legal obligation.

Approval of Waiver

Cardinal Senior Management or the Cardinal Credit Committee are the only parties authorized to approve a borrower request for waiver of the required waiting period. Operations will establish an escalation path for expedited review of these requests.

General Standards

The application package must contain acceptable documentation as required by the product and/or program to support the underwriting decision. When standard documentation does not provide sufficient information to support the decision, additional explanatory statements or documentation may be required.

- Erasures and whiteouts are not permitted.
- Tax returns, if required, must be true copies of filed returns and must be signed by all borrowers; tax return copies that are signed only by a tax preparer are not acceptable. Refer to the [Tax Return Requirements](#) section for agency-specific requirements.
- W-2 forms that are marked “Employer Copy” are not acceptable. Employers do not distribute their copies.
- Handwritten W-2 forms or paystubs are not acceptable.
- Tax returns must be obtained if computer-generated documents are not available.

Complete Application

Cardinal Financial requires that a complete application be obtained for each borrower. All applications submitted to underwriting must be accurate and complete with the following information for each borrower:

- Borrower name(s)
- A full two-year history of employment and residency (see Active Duty Military section below)
- Social Security number(s)
- Subject property address
- Estimate of the property value
- The requested loan amount
- Proposed title vesting
- Current housing expense
- Current liabilities
- If applicable, notation of any liabilities being paid with the mortgage
- Current income and source

In addition:

- All declaration questions must be answered
- The application must indicate how it was taken and the HMDA information must be complete or the borrower must indicate they do not wish to provide.
- If the interview is conducted face to face, the interviewer must complete government monitoring based on observation.
- The interviewer's name and employer must be completed, including NMLS numbers.

- The final application must include the borrower's complete and accurate financial information as relied upon by the underwriter, and must be signed and dated by all parties.

Information on the initial application must be entered as provided by the borrower and/or, if applicable, as listed on the credit reports, or supporting documentation supplied by the borrower. The information given by the borrowers on the application must be consistent with both the identifying information in the credit reports as well as with the verifications in the Mortgage file.

- The credit report will provide a history of addresses associated with the borrower along with dates. Any address noted within the last two years must be compared to the information on the loan application to ensure a complete residency history is provided.
- If an address is shown on the credit report and the date is within the last two years but is not reflected on the loan application, a letter of explanation from the borrower is required.
- If an address is shown on the credit report with no date noted, an assumption will be made that it could be within the last two years and a letter of explanation from the borrower is required.

Smart Document Reference 109.300 - Letter of Explanation | Associated Address Variance and 109.020 - Letter of Explanation | Address Variance

The signature block for joint credit should be signed only if there are co-applicants both of whose income and assets/liabilities are being used for qualification purposes.

The signature block should not be signed if there are co-applicants, but one is signing because that person has community property or similar rights.

The initial loan application may include electronic or physical signatures and may be received electronically, physically, or via facsimile. The final loan application signed by the borrower at loan closing must be physically signed by the borrower(s).

Conventional Conforming and Conventional High-balance loans may not be manually underwritten and must have valid AUS findings unless the subject is a primary residence, and the reason for the Ineligible findings is a foreign mailing address.

Active Duty Military

For purchase transactions, if a borrower is stationed out of the country, the guidance below can be followed to allow AUS findings to generate correctly:

- If a family member is residing in the United States, their address may be used as the borrower's current address
- If the borrower does not have family in the United States, but still owns or rents his or her primary residence, that address may be used
- If the borrower does not have family in the United States and has sold their current residence, no longer rents or lives with family:
 - DU
 - To obtain a credit report that is compatible with DU loan casefile requirements, the borrower's present address must be within the U.S. or U.S. territories, with the exception of an Army Post Office (APO), Fleet Post Office (FPO), or Diplomatic Post Office (DPO) military address
 - LPA
 - Active duty military are permitted with an out of country address:
 - enter APO or FPO for the city,
 - enter AE, AP, or AA for the state*, and
 - enter the Zip Code or ZIP+4 Code

*AE is used for armed forces in Europe, the Middle East, Africa, and Canada; AP is for the Pacific; and AA is for the Americas excluding Canada.
- GUS
 - For the borrower's current address, list the out of country APO/FPO or stateside APO/FPO or physical address if available

- For the borrower’s current mailing address, list address as stateside family member or friend who may be receiving the borrower’s mail

Allowable Age of Credit Documents

Credit documents include credit reports and employment, income, and asset documentation (see Allowable Age of Other Documents for Business Bank Statement validity dates). For all mortgage loans, existing and new construction, the credit documents (with the exception of the Credit Report and Mortgage Payoff Statement) must be no more than 120 days old on the note date.

When consecutive credit documents are in the loan file, the most recent document is used to determine whether it meets the age requirement. For example, when two consecutive monthly bank statements are used to verify a depository asset, the date of the most recent statement must be no more than four months old on the note date. If the credit documents are older than allowed, they must be updated.

The Valid From Date is defined as the end of the validity period or through date on the document.

Paystub validity dates are based on the check date or pay date.

Please refer to the [Temporary Operations Policy & Procedures](#) document for any applicable changes to the allowable age of asset, income, credit, and credit-related documentation.

Allowable Age of Other Documents

Document	Allowable Age
Credit Report	All programs except FHA, no more than 120 days old on the note date. FHA: No more than 120 days old through the effective funding date of the loan
Mortgage Payoff Statement (Mortgage)	No more than 40 days old through the effective funding date of the loan
Mortgage Payoff Statement (HELOC)	No more than 10 days old through the effective funding date of the loan

Mortgage Payoff Statement (HUD Deficiency Lien)	No more than 90 days old through the effective funding date of the loan
Payoff Statement (30-Day Charge Account), Alimony, Child Care, Child Support, Collection, Judgment, Lien Community Second, Installment Loan, Job Expenses, Lease Payment, Lease Payment (Solar), Other Expense, Other Liability Other Property Financing, Owelty of Partition, Revolving Charge Account, Separate Maintenance, Student Loan, Taxes	No more than 40 days old through the effective funding date of the loan
Current Mortgage Billing Statement	No more than 30 days old through the effective funding date of the loan
Appraisal	Refer to individual product guidelines
Title Commitment	Must be within 30 days of the application and within 60 days of the Note date
Business Bank Statement	Must not be older than 60 calendar days on the Effective Note Date
Government Issued Photo ID	Must be unexpired through the effective Note Date

Allowable Age of Federal Income Tax Returns

For some types of sources of income, Cardinal requires copies of federal income tax returns (personal returns and, if applicable, business returns). The “most recent year's tax return is defined as the last return scheduled to have been filed with the IRS. Please follow the guidance outlined in the Tax Documentation Policy below.

Handling of Documents

Employees must not accept or use documents relating to the employment, income, assets, or credit of borrowers that have been handled by, or transmitted from or through, the equipment of unknown parties or interested parties.

Cardinal will not accept or use any third-party verifications that have been handled by, or transmitted from or through, any interested party or the borrower.

Electronic Record Standards

An electronic verification is a computer-generated document, accessed and printed from an Intranet or Internet, that may be used to verify information such as the Borrower's employment, income, or funds on deposit. This includes online bank statements, investment account statements, employment and/or income statements.

The Borrower may provide verification of income, employment, and assets in the form of a photocopy (including a picture of a document), facsimile, or electronic verification. If the Borrower has provided electronic verifications, photocopies, or facsimiles of other verifications, where the originator did not view and copy the original documents directly, it is strongly encouraged to re-verify the information through the quality control process.

An Electronic Record includes, but is not limited to:

- A facsimile (fax) machine copy of a paper record
- A facsimile (fax) machine copy of an electronic record
- An email
- An email with electronic record(s) attached
- A scanned copy of a paper record or electronic record
- A paper record converted into an electronic record
- Electronic information communicated or transmitted using electronic means permitted or required by the applicable agency

Documents Signed at Closing

Cardinal table-funds all loans (wire sent before the closing package comes back), and as such, a complete credit package must be obtained prior to approval. However, there will be times that minor documents are permitted to be signed at closing in order to meet Purchase Contract contingency or the lock expiration date.

Documents requiring signatures prior to closing:

- Profit & Loss Statement(s)
- Balance Sheet(s)
- Tax Returns pending signature(s) (jumbo loans)

Acceptable documents to be signed at closing:

- Complete Letters of Explanation pending a signature
- Purchase Contract Addendums
- Borrower's Attestation of no HOA dues
- Hold Harmless Agreements
- Tax Returns pending signature(s) (non-jumbo loans only)

Note: additional signature requirements as noted throughout this chapter must be followed.

Fraud

Cardinal utilizes Corelogic's Pro Scan ID product within the Credco report to assist in compliance with KYC requirements. ProScan ID addresses the Know Your Customer requirements of Section 326 of the USA PATRIOT Act and Section 114 and 315 of the FACT Act by assessing application data to verify the accuracy of the borrower's SSN, Name, and Address.

Fraud Alerts

Cardinal also requires that a LoanSafe Fraud Manager report be run on every loan transaction. LoanSafe provides an additional layer of risk review including a second validation of loan application data - SSN, address, and occupancy along with validation that none of the loan participants are on the following exclusionary lists:

- OFAC
- GSE EPLS
- LDP

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- Cardinal Exclusionary List
 - Key Investor Exclusionary List

LoanSafe Fraud Manager also evaluates the borrower's income, potential undisclosed mortgage debt, identity, employment, and property providing potential red flags and a predictive fraud score.

Initial Fraud Alert

When a consumer suspects he or she has been, or may be, a victim of identity theft, he or she may request that an initial fraud alert be placed on their credit report. The initial alert remains on the consumer's report for 90 days and requires that potential creditors use "reasonable policies and procedures" to verify the consumer's identity before granting credit in the consumer's name. As such Cardinal Financial will require a completed Fraud Alert | Certification which affirms the borrower's identity was validated.

Note: If the fraud alert is shown on a mortgage credit only credit report, the Fraud Alert | Certification can be completed in reference to the accounts that are shown on the report. The Certification has other questions in regards to installment or revolving accounts that won't be present.

Exclusionary Lists

Freddie Mac, Fannie Mae, and other Exclusionary List search results are verified within the Fraud Report and any party that prompts an alert within these exclusionary lists require the following steps be taken:

- The loan team and underwriter must navigate to the Cardinal Financial HUB > Vendor Management > Exclusionary List and further validate if the party is a match
- Further documentation may be required including Sam.gov search or evidence results are verified within the Fraud Report. Any party that prompts an alert must be validated by one of the following:
 - Correct party's name to include their full legal name including middle initial or other details that will result in the alert clearing after being resubmitted to Fraud tool
 - Party searched using Sam.gov and results uploaded to Evidence of Fraud Alert Resolution

In addition, the appraiser and trainee appraiser, if applicable, are searched by using the Appraisal Subcommittee for a valid appraiser's license using ASC.gov within the Fraud Report. The underwriter is required to resolve any alerts related to the appraiser's license validity.

LDP/GSA

The Limited Denial of Participation (LDP) and the System for Award Management (SAM) lists must be checked to determine if the borrower or other party to the transaction is barred from doing business with the federal government. Screenprints of the check must be retained in the loan file.

All parties must be verified as follows:

- Borrower
- Co-Borrower
- Seller
- Listing Agent and selling Real Estate Agent
- Loan Originator
- Loan Processor
- Appraiser
- Closing Agent
- Title Company

Refer to individual programs for additional requirements.

Pending Litigation

When it is discovered that the borrower is party to a lawsuit, or if there is a pending litigation situation, the underwriter must analyze the proceedings against the loan. The borrower's ability to repay should be assessed, especially if the lawsuit has the potential for personal liability. In all cases, the lawsuit or litigation must not pose a risk to our lien status.

A letter of explanation from the borrower outlining the nature of the lawsuit is required, along with any additional supporting documentation which could include court or insurance documents.

If the borrower is a defendant in a lawsuit, an attorney opinion letter will need to be provided.

Identity Verification

The identity must be confirmed for each borrower whose credit is used for loan qualification, prior to the extension of credit. In addition, the closing agent, notary public, or signing attorney, as appropriate, must provide evidence that the identification document has been confirmed for each borrower.

Acceptable forms of identification include:

- Driver's License (state issued, valid, and unexpired)
- State Identification Card (state issued, valid, and unexpired)
- Permanent Resident Card (government-issued, valid, and unexpired)
- Passport (government-issued, valid, and unexpired)

If federal law prohibits the unauthorized copying of the identification document, i.e. certain U.S. Government ID's, the document may not be used.

In the event that the borrower's identification has expired and the issuing authority has granted extension(s) related to the COVID-19 pandemic, the loan team must provide evidence of the exception and expiration protocol.

Smart Document Reference 111.000 - Passport

Social Security Number (SSN)

All borrowers present on the loan must have a valid Social Security number. If a discrepancy or alert is noted, Cardinal requires a resolution be provided. Discrepancies, or alerts may include:

- Numbers not issued,
- Number variations present,
- Issue date discrepancies, or
- Social Security numbers associated with deceased individuals.

Data Entry Discrepancy

When an inconsistency or alert is detected during the evaluation of the AUS, Fraud Report or Credit Report, the SSN discrepancy should be evaluated against validation documents provided in the loan file to determine if a correction can be made. One of the following alternative validation documents may be reviewed to address the discrepancy:

- Social Security Card evidencing name and number,
- Documentation from the Social Security Administration confirming details of the social security number or issuance,
- IRS Form W-2, 1099 or other IRS documentation, including tax returns, confirming the details of the social security number.

If the Octane SSN number field is incorrect, the loan team should correct the data and update the AUS, Fraud Report and Credit Report. These documents should then be reviewed to determine if the Alert is cleared.

If the issue is not identified as a data entry discrepancy, proceed to the [Third Party Verification](#) section below.

Third Party Verification

If the SSN discrepancy is not a data entry error resolved using one of the above forms of alternative documentation, an Authorization to Release SSN IRS Form SSA-89 must be executed by the affected borrower(s) and processed by the third party vendor.

The underwriter will affix a Borrower Tag uw_need_SSN-thirdparty_verif to open up the Evidence of Social Security Number using Third Party Verification Service smart document.

The following vendor may be used to validate the Social Security Number with the SSA:

- CoreLogic (Credco)

If the borrower's Social Security number discrepancy cannot be resolved, the borrower is not eligible for financing through Cardinal.

Smart Document Reference 115.000 - Social Security Card

Smart Document Reference 115.010 - Evidence of Social Security Number

Citizenship Requirements

Cardinal Financial will consider legal foreign nationals to be eligible borrowers under the same terms available to United States citizens unless expressly stated in a Product guideline or Lending Guide. Refer to the appropriate product guide for additional foreign borrower requirements and maximum LTV/CLTV.

General information regarding citizenship and related material can be found under the Citizenship Resource Center of the [USCIS](#).

Non-Citizen Borrowers

Lawful permanent residents are non-U.S. citizens. They are officially designated as LPRs by the Department of State or the U.S. Citizenship and Immigration Services and fall into the following classifications:

- Has not become a naturalized citizen of the United States
- Receives select immigration benefits, and
- May be a
 - Permanent Resident Alien,
 - Non-Permanent Resident Alien,
 - Other Non-Immigrant, or
 - Undocumented Foreign National

Cardinal will consider the following legal non-U.S. citizens to be eligible borrowers under certain criteria:

- Permanent Resident Alien
- Non-Permanent Resident Alien (as outlined in the requirements below)

Borrowers who are not US citizens must currently reside in the United States to be eligible. Non-citizens who do not reside in the US are classified as Foreign Nationals and are ineligible for financing.

Permanent Resident Alien Definitions

A Permanent Resident Alien is one who has been officially granted immigration benefits, which include permission to permanently reside and take employment in the United States.

Permanent Resident Alien Documentation Requirements - Conventional, FHA, VA, USDA, and Jumbo

Note: At the time of closing, all documentation must be official and valid (unexpired); no exceptions.

Permanent Resident Alien status must be documented by **ONE** of the following:

- Permanent Resident Card with photo (USCIS Form I-551), even if it is due to expire
 - Resident Alien cards (Form I-551) issued between 1977 - 1989 do not have an expiration date and are acceptable.
 - Prior to 1977, an I-151 Resident Alien Card was issued which also has no expiration date, however these cards have been discontinued and are no longer acceptable.
- Permanent Resident Card (Form I-551) that is expired but must also be accompanied by the applicable INS receipt, as follows:
 - USCIS receipt for a Petition to Remove Conditions on Residence (Form I-751) which generally gives a 1-year extension until a new card is issued
 - USCIS receipt for a Petition by Entrepreneur to Remove Conditions (Form I-829) which generally gives a 6-month extension until a new card is issued
- Unexpired foreign passport that contains an unexpired stamp reading “Processed for I-551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until (mm-dd-yy). Employment authorized”
- Copy of the USCIS Form I-90 Application to Replace Permanent Resident Card filing receipt

Smart Document Reference 112.000 - Permanent Resident Alien Card (Form I-551)

Non-Permanent Resident Alien Definitions

A non-permanent resident alien is one who has been officially granted immigration benefits, which include permission to temporarily reside and may include the ability to take employment in the United States.

A borrower is legally present in the United States if:

- The applicant has a Social Security Number (or ITIN as applicable for Conforming ITIN program); and
- The applicant has a current, verified status, which may be documented by a valid employment authorization document (EAD) or other documentation showing immigration status is current (e.g. Work Visa).

Employment Authorization Documents Overview

Employment Authorization Documents (EAD) are issued by the U.S. Citizenship and Immigration Services to non-U.S. citizens.

This document allows the holder to work without restrictions or requiring a sponsorship, unlike a work visa. However, the holder cannot use their EAD (Form I-766) to leave or enter the United States. The EAD card typically must be renewed every 1-2 years, depending on the type of the EAD.

Visa Overview

Visas are issued by the State Department and U.S. Citizenship and Immigration Services to non-U.S. citizens / non-permanent residents. They allow the holder to enter and exit the U.S. at designated ports of entry (typically international airports and border crossings).

Some visas also allow the holder to work at specific employers or in specific employment fields. These are called Work Visas.

There are two major types of visas:

- Immigration visa issued to those relocating to the United States as part of the process of becoming a Lawful Permanent Resident, or
- Non-immigration visas issued to those who come to the United States for a specific purpose and time period

Non-Permanent Resident Alien Documentation Requirements - Conventional

Note: At the time of closing, all documentation must be official and valid; no exceptions.

Documentation requirements include **ONE** of the following:

- Copy of unexpired Eligible EAD Cards; or

- I-94 Card* (Arrival / Departure Record) if stamped and listing visa type as Eligible Visa Type along with the expiration date; or
- Copy of unexpired Eligible Visa Type; or
- Copy of expired Eligible Visa Type along with I-797 Notice of Action with detachable I-94 with new expiration date.
 - *Note:* Some visa types noted below will also require a copy of the EAD card to accompany the copy of the visa
- A borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS must provide documentation:
 - Employment Authorization Document (USCIS Form I-766) or USCIS Form I-94* indicating refugee or asylum status (refer to Class of Admission noting 207 or 208), or
 - USCIS Form I-797 notice indicating approval of a USCIS Form I-589, Application for Asylum or Withholding of Removal substantiating the refugee or asylee status.
- There are visa types that will require additional documentation and Credit Committee Approval Required.
- ***Note:** A borrower may be able to retrieve their I-94 electronically from: 194.

Employment Authorization Document Eligibility

Eligible EAD Cards	
A01	Lawful Permanent Resident
A02	Lawful Permanent Resident
A03	Refugee
A05*	Asylee (Granted Asylum)
*If an EAD card is not available, borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS must provide documentation: <ul style="list-style-type: none"> ● Employment Authorization Document (USCIS Form I-766) or USCIS Form I-94 indicating refugee or asylum status (refer to Class of Admission noting 207 or 208), or ● USCIS Form I-797 notice indicating approval of a USCIS Form I-589, Application for Asylum or Withholding of Removal substantiating the refugee or asylee status. 	
A07	NATO: N-8 Parent or surviving spouse of an Alien Classified SK3 or SN3 "Special Immigrant" NATO staff

	<p>members, attendants, servants or personal employees or NATO personnel may engage in study while maintaining valid visa status.</p> <p>NATO: N-9 Child of N-8, SK-1, SK-2, or SK4. Dependents are eligible to apply for a work permit through the USCIS and must be issued an EAD card. Employers must reverify after expiration of the card. SK1, SK2, SK4</p>
A08	Citizen of Micronesia, Marshall Islands, or Palau
A09	K-3 or K-4 alien spouse of a U.S. citizen
A10	<p>Granted withholding of deportation or removal:</p> <p>Lawful designation granted in Immigration Court for a person where there is a reasonable fear of persecution or torture in their home country.</p> <p>Note: Does not lead to a Green Card but status is court granted and may be revoked if the holder can be safely returned to their home country or other countries. Practically, termination of status is highly uncommon. Holders are generally long term.</p>
A12	<p>Granted temporary protected status (TPS) because the country of origin is unsafe</p> <p>Temporary Protected Status (TPS) granted under 8 CFR 244.12</p>
A16	T-1 Nonimmigrant Visa
A17	Spouse of a E-1 or E-2 Treaty, Trader or Investor
A19	U-1 Nonimmigrant Victim of Crime U-visa
A20	U-2, U-3, U-4 or U-5 Nonimmigrants Derivative relatives of U visa holder
B1	Religious worker (R visa)
C03A	Pre-completion OPT F-1 students
C03B	Post-completion OPT F-1 students
C03C	F-1 Nonimmigrant, 17-month extension for STEM (Science, Technology, Engineering, or Mathematics) studentsD

C04	Spouse or Dependent of employee of international organization (G-1, G-3, and G-4 visa)
C07	Dependent of NATO-1 through NATO-7
C08* *Must have a two-year work history in the United States prior to loan application to be eligible; exceptions require a Loan Review approval	Work Permitted while Asylum Application Pending
C09 or C09P	Work Permitted under Pending Adjustment of Status Under Section 25
C10* *C10 is an ineligible EAD type under the Cardinal Jumbo AUS Prime loan program	Nicaraguan Adjustment and Central American Relief Act (NACARA) section 203 applicants Applicant for suspension of deportation Applicant has applied for cancellation of removal
C14	Deferred Action
C16 or C16P	Registry Applicant
C20	Applicant for Special Agricultural Worker Legalization under Section 210
C21	S-5, S-6, or S-7 Informant/Witness
C22	Section 245A Legalization
C25	Immediate Family Member of T-1 Trafficking Victim (T-2, T-3, T-4)
C26	H-4 Spouse of an H-1B Non-immigrant
C31	Qualified Domestic Violence Survivor
C33* *Eligible with FHA, VA, USDA , FNMA and select Jumbo Investors only. Underwriter to add Transaction Tag "DACA Borrower is Present"	Deferred Action for Childhood Arrivals (DACA/Dream Act)

Ineligible EAD Cards	
A04	Paroled Refugee for one year or more

A06	K-1 or K-2 fiance of U.S. citizens
A11	Deferred Enforced Departure (Extended Voluntary Departure)
A13	Work Permitted Under the Family Unity Program
B9	Temporary worker or trainee (H-2A, H-2B, or H-3 visa)
C05	J-2 Spouse or Child of J-1 Nonimmigrant
C06	Foreign Student (M-1 visa)
C11	Public Interest Parolee: The EAD card cannot be extended or renewed and no guarantee the individual will stay in the country during the entire parole period
C17(i)	B-1 Domestic of a Nonimmigrant
C17(ii)	B-1 Domestic of a USC
C17(iii)	Employee of a Foreign Airline
C18	Order of Supervision, with employment authorization
C19	Temporary Treatment Benefits Based on 8 CFR 244.5 (Extension of TPS)
C23	Irish Peace Process (Q-2); cultural visitor

Visa Type Eligibility

Eligible Visa Type: Cardinal Underwriter May Approve

Visa Category	Visa Type	Description
Trade Treaty Work Visa	E-1, E-1S	Treaty trader - employee, spouse, and/or child
	E-2, E-2S	Treaty investor - employee, spouse, and/or child
	E-3, E-3S (spouse), E-3D (spouse), E-3R (returning)	<p style="text-align: center;">“Specialty occupation” - Australia– employee and/spouse</p> <p style="text-align: center;"><i>*Also requires a copy of applicable EAD card</i></p> <p>Note: If the Spouse’s I-94 was issued prior to January 30, 2022, the customer must provide proof of employment authorization (EAD or notice from the USCIS/CBP)</p>

		Spouses of employees of the Taipei Economic and Cultural Representative Office (TECRO) and Taipei Economic and Cultural Offices (TECO) continue to be required to apply for Employment Authorization
<i>*Also requires a copy of applicable EAD card</i>	E-1, E-2, or E-3D	Spouse of E-1, E-2, or E-3
Temporary Work Visa All H-1 Visas need documentation showing borrowers current employer as reflected on the 1003. If not shown on the actual Visa, obtain the I-797A to reflect the sponsoring employer. If the borrower has changed employers, and Visa is not yet expired, must provide a letter from the employer indicating that they will be sponsoring the borrower when the Visa is renewed, or provide an H-1B Transfer document.	H-1	Worker of distinguished merit and ability
	H-1A	Registered Nurse
	H-1B	Specialty Occupation
	H-1B1	Specialty Occupation - Chile or Singapore
	H-1B2	Specialty Occupation - U.S. Department of Defense
	H-1B3	Fashion model of distinguished merit and ability
	H-1C	Registered nurse - U.S. Department of Labor
	H-4	<i>*Also requires a copy of applicable EAD card</i> Spouse of H-1B
Media Work Visa	I	Foreign media outlet (press, radio, film, or other)
Immigrant Visa for Spouse of a U.S. Citizen	IR1	Spouse of a U.S. citizen - married two years or more
	CR1/CR6	Spouse of a U.S. citizen - married for less than two years **Receipt of I-751 application required
Non-immigrant Visa for Spouse <i>*Also requires a copy of applicable EAD card</i>	K-3	Spouse of a U.S. Citizen
	K-4	Child of K-3
Temporary Employment Visa	L-1A	Intra- company transfer - managerial or executive

	L-1B	Intra-company transfer - specialized knowledge
	L-2, L-2S <i>*Also requires a copy of applicable EAD card</i>	Spouse of L-1A or L-1B Note: If the I-94 was issued prior to January 30, 2022, the customer must provide proof of employment authorization (EAD or notice from the USCIS/CBP) Spouses of long-term investors in the Commonwealth of the Northern Mariana Islands (E-2 CNMI Investors) continued to be required to apply for Employment Authorization
Temporary Employment Visa	O-1	Extraordinary ability in analysis, business, education, entertainment
	O-2	Assistant to O-1
Witnesses and Informants Visa <i>*Also requires a copy of applicable EAD card</i>	S-1/S-2 (also coded as S-5 and S-6)	Informant
	S-7	Spouse or child of S5-6
Victims of Trafficking <i>*Also requires a copy of applicable EAD card</i>	T-1	Victim - human trafficking
	T-2	Spouse of T-1
	T-3	Child of T-1
	T-4	Parent of an under-21 T-1
NAFTA Professional Workers Visa	TN	Professional under NAFTA - Mexico or Canada
Crime Victims Visa <i>*Also requires a copy of applicable EAD card</i>	U-1	Victim of criminal activity
	U-2	Spouse of U-1
	U-3	Child of U-1
	U-4	Parent of an under-21, of U-1

Credit Committee Approval Required: Visa Type

Visa Category	Visa Type	Description	Additional Documentation
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			Required
Student Visa	F-1	<p>Academic student</p> <p>Academic study at a private elementary school, high school, college or university, seminary, conservatory, academic institution including language training program.</p>	<p>Eligible as income qualifying applicants when approval into a different eligible visa category (for example H-1B) and employment authorization are documented.</p> <p>If a F-1 Visa applicant:</p> <ul style="list-style-type: none"> • Cannot document approval into a different eligible visa category, income may not be used to qualify. • Has an applicant spouse with an eligible visa, then an F-1 visa applicant may still remain on the loan, but no income may be used to qualify. <p>No exceptions permitted.</p>
Employees of International Organizations and NATO	G-1	Mission member - designated international organization	<ul style="list-style-type: none"> • Passport • Visa • I-94 Arrival/Departure Record • Any other supporting documentation <p>If the visa reflects diplomatic immunity status, the immunity must be officially waived in writing by the holder's country.</p>
	G-2	Representative of a recognized or member foreign government	
	G-3	Representative of non-recognized or nonmember government	
	G-4	Appointment - designated international organization	
Exchange Visitor Visa	J-1	Student - exchange visitor	<p>Must review if the J-1 / 2 holder is in a long term program.</p> <p>Employment is authorized only under the terms of the exchange program.</p> <p>Examples of those who are in the U.S. long term:</p> <ul style="list-style-type: none"> • Professor/ Research Scholar • Physician • Teacher
	J-2	Spouse of J-1	<p>Additional documentation includes:</p> <ul style="list-style-type: none"> • Form DS-2019 • EAD card

			<ul style="list-style-type: none"> • Passport • Visa • I-94 Arrival / Departure Record • Any other supporting documentation
Employee of International Organizations and NATO	NATO-1	Official staff - NATO	<p>Provide applicable EAD card along with:</p> <ul style="list-style-type: none"> • Passport • Visa • I-94 Arrival/Departure Record • Any other supporting documentation <p>If the visa reflects diplomatic immunity status, the immunity must be officially waived in writing by the holder's country.</p>
	NATO-2	Adviser - NATO	
	NATO-3	Clerical staff - NATO	
	NATO-4	Member - NATO	
	NATO-5	Expert - NATO	
	NATO-6	Civilian - NATO - "Status of Forces"	
	NATO-7	Employee of NATO-1 through NATO-6	
	NATO 1-6	Spouse or child of NATO 1-6	
Temporary Employment Visa	P-1A	Internationally recognized athlete	<p>May be eligible pending review if in the U.S. long term</p> <ul style="list-style-type: none"> • Passport • Visa • I-94 Arrival/Departure Record • Any other supporting documentation
	P-1B	Internationally recognized entertainer (artist)	
	P-2	Performer (artist) - reciprocal exchange program	
	P-3	Entertainer (artist) - culturally unique program	
Religious Worker	R-1	Temporary Nonimmigrant religious worker employed by a non-profit religious organization in the U.S., a religious organization or a non-profit organization which is affiliated with a religious denomination in the U.S.	<p>May be eligible pending review of the following:</p> <ul style="list-style-type: none"> • Visa • I-797A issued in the name of borrower (beneficiary) and employer (petitioner) • I-94 Arrival/Departure Record • Any other supporting documentation, including but not limited to, a letter from the religious

			organization employer confirming they will be sponsoring the visa holder for a Green Card before the Visa expires
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Ineligible Visa Type		
Visa Category	Visa Type	Description
Official Government Travel These are temporary visas and individuals have full diplomatic immunity and generally can't be held to U.S. law	A-1	Official foreign government (Ambassador, public minister, career diplomat)
	A-2	Official foreign government (other foreign government official, military)
	A-1 and A-2	Spouse or child of A-1 or A-2
	A-3	Employee of A-1 or A-2
		Spouse or child of A-3
Visitor Visa	B-1	Business Visitor
	B-2	Pleasure, tourism, medical treatment visitor
	B-1/B-2	Business and pleasure visitor
	BCC	Border Crossing Card; Mexico
Transit Visa	C-1	Transit to the United States
	C-2	Transit to the United Nations
	C-3	Transit to the United States (Foreign Government officials)
	C-4	Transit - Department of Homeland Security
	CW	CNMI Temporary Worker
Crewmember Visa	C-1/D	Transit - Certified crew member combination
	D-1	Certified crew member - sea or air
	D-2	Certified crew member - fishing vessel

Trade Treaty Work Visa	E-1, E-2 or E-3D	Child of E-1, E-2 or E-3
Student Visa	F-2	Spouse or child of an F-1
	F-3	Academic commuter - Canada or Mexico
Employees of International Organizations and NATO	G-5	Employee of G-1, G-2, G-3, or G-4
Temporary Work Visa	H-2A	Temporary or seasonal agricultural worker
	H-2B	Non-agricultural worker
	H-3	Trainees other than medical or academic
	H-4	Child of H-1B
Media Work Visa	I	Spouse or child of I
Exchange Visitor Visa	J-2	Child of J-1
Non-immigrant Visa for Fiancé(e)	K-1	Fiancé(e) - purpose of marriage
	K-2	Child of K-1
Temporary Employment Visa	L-2	Child of L-1A or L-1B
Student Visa	M-1	Vocational Student
	M-2	Spouse or child of M1
	M-3	Vocational student - Canada or Mexico
Employee of International Organizations and NATO	NATO-7	Spouse or child of NATO-1 through NATO-7
Temporary Employment Visa	O-3	Spouse or child of O-1
	P-4	Spouse or child of P1A, P-1B, P-2 or P-3
	Q-1	International cultural exchange program
Temporary Religious Worker Visa	R-2	Spouse or child of R-1
NAFTA Professional Workers Visa	TD	Spouse or child of TN
Tourism or Business	WB	Business visitor - visa waiver program
	WT	Tourist visitor - visa waiver program

FHA

A borrower who is a non-permanent resident alien may be eligible for FHA-insured financing provided:

- The property will be the borrower's principal residence;
- The borrower has a valid SSN, except for those employed by the World Bank, a foreign embassy, or equivalent employer identified by HUD;
- The borrower is eligible to work in the United States provided the borrower provides either:
 - An Employment Authorization Document (USCIS Form I-766) showing that work authorization status is current; or
 - USCIS Form I-94 evidencing H-1B status, and evidence of employment by the authorized H-1B employer for a minimum of one year; or
 - Evidence of being granted refugee or asylee status by the USCIS; or
 - Evidence of citizenship of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau; and
- The borrower satisfies the same requirements, terms and conditions as those for U.S. Citizens

If the Employment Authorization Document (USCIS Form I-766) or evidence of H-1B status will expire within one year and a prior history of residency status renewals exists, an assumption can be made that continuation will be granted. If there are no prior renewals, determination must be made of the likelihood of renewal based on information from the employer or the USCIS.

A borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS must provide documentation:

- Employment Authorization Document (USCIS Form I-766) or USCIS Form I-94 indicating refugee or asylum status (refer to Class of Admission noting 207 or 208), or
- USCIS Form I-797 notice indicating approval of a USCIS Form I-589, Application for Asylum or Withholding of Removal substantiating the refugee or asylee status.

USDA

USDA has issued a temporary waiver for individuals with a valid social security number and work authorization, as evidenced by documentation such as an Employment Authorization Document (EAD), Form I-766, issued by the U.S. Department of Homeland Security, to participate in the SFHGLP.

Unless extended, this waiver will expire on May 2, 2025.

Under the waiver, the lender will be responsible for securing acceptable documentation confirming a Non-U.S. citizen meets eligibility requirements and retaining this evidence in their permanent case file. Non-U.S. citizens legally admitted into the United States will have a United States Citizenship and Immigration Services (USCIS) number. It must be determined whether the borrower is a U.S. Citizen, U.S. Non-citizen National, or a Qualified Alien. For all file submissions, the underwriter is responsible for documenting the applicants' legal residency. Applicants are required to have a valid social security number and evidence of continued residency and income.

Native Americans born in Canada

In addition to eligible documentation supporting residency (as noted within this this document), USDA provides additional guidance for Native Americans born in Canada:

Native Americans born in Canada may also be eligible as lawfully admitted for permanent residence. The documentation described above may be unavailable. To establish the applicants are qualified aliens, the Native American should provide all of the following documentation:

- A letter from their Native American tribe stating that the alien has at least 50 percent Native American or Aboriginal blood (also referred to as the blood quantum);
- Their Canadian "Certificate of Indian Status Card" with a red stripe along the top;
- Their birth certificate;
- If a Haudenosaunee, their Red I.D. Card;
- If an Inuit, an Inuit enrollment card from one of the regional Inuit lands claim agreements;
- Their social security card issued by the U.S. Social Security Administration; and
- Their Canadian or United States driver's license

Community Lending, VA and Jumbo Requirements for Non-Permanent Resident Alien

Refer to specific product guidelines for eligibility.

Residency Documents

Current Permanent Resident Card (Form I-551)

I-797 Notice of Action with detachable I-94

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-797A, Notice of Action



RECEIPT NUMBER [REDACTED]		CASE TYPE I129 PETITION FOR A NONIMMIGRANT WORKER	
RECEIPT DATE April 27, 2012	PRIORITY DATE	PETITIONER DUKE UNIV UNIV MED CTR & AFFIL INS	
NOTICE DATE July 13, 2012	PAGE 1 of 2	BENEFICIARY [REDACTED]	
DUKE UNIV UNIV MED CTR & AFFIL INS C/O VISA SVCS DUKE BOX 90790 AML 114 S BUCHANAN BLVD BAY 7 1 FL SMI DURHAM NC 27708		Notice Type: Approval Notice Class: H1B Valid from 06/30/2012 to 05/31/2013 Consulate:	

The above petition and change of status have been approved. The status of the named foreign worker(s) in this classification is valid as indicated above. The foreign worker(s) can work for the petitioner, but only as detailed in the petition and for the period authorized. Changes in employment or training may require you to file a new Form I-129 petition. Since this employment or training authorization stems from the filing of this petition, separate employment or training authorization documentation is not required. Please contact the IRS with any questions about tax withholding.


The petitioner should keep the upper portion of this notice. The lower portion should be given to the worker. He or she should keep the right part with his or her Form I-94, *Arrival-Departure Record*. The I-94 portion should be given to the U.S. Customs and Border Patrol when he or she leaves the United States. The left part is for his or her records. A person granted a change of status who leaves the U.S. must normally obtain a visa in the new classification before returning. The left part can be used in applying for the new visa. If a visa is not required, he or she should present it, along with any other required documentation, when applying for reentry in this new classification at a port of entry or pre-flight inspection station. The petitioner may also file Form I-824, *Application for Action on an Approved Application or Petition*, to request that we notify a consulate, port of entry, or pre-flight inspection office of this approval.

The approval of this visa petition does not in itself grant any immigration status and does not guarantee that the alien beneficiary will subsequently be found to be eligible for a visa, for admission to the United States, or for an extension, change, or adjustment of status.

THIS FORM IS NOT A VISA NOR MAY IT BE USED IN PLACE OF A VISA.

The Small Business Regulatory Enforcement and Fairness Act established the Office of the National Ombudsman (ONO)

Please see the additional information on the back. You will be notified separately about any other cases you filed.
U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P. O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283
Form I797A (Rev. 10/31/05)N



PLEASE TEAR OFF FORM I-94 PRINTED BELOW, AND STAPLE TO ORIGINAL I-94 IF AVAILABLE

Detach This Half for Personal Records

Receipt# [REDACTED]
I-94# [REDACTED]
NAME [REDACTED]
CLASS #H1B

VALID FROM 06/30/2012 UNTIL 05/31/2013

PETITIONER: DUKE UNIV UNIV MED CTR & AFFIL
114 S BUCHANAN BLVD BAY 7 1 FL
DURHAM NC 27708

617836560 24
Receipt Number [REDACTED]
United States Citizenship and Immigration
Services
I-94
Departure Record Petitioner: DUKE UNIV UNIV

14. Family Name [REDACTED]	
15. First (Given) Name [REDACTED]	16. Date of Birth [REDACTED]
17. Country of Citizenship CHINA, PEOPLE'S REPUBLIC OF	

Form I-797A (Rev. 10/31/05) N

Credit Report

Credit Reporting Repositories

Credit scores are required for most mortgage loans originated by Cardinal Financial. Cardinal's vendors utilize the following versions of the classic FICO score.

- Equifax Beacon® 5.0
- Experian®/Fair Isaac Risk Model V2SM
- TransUnion FICO® Risk Score, Classic 04

Cardinal requires that the vendor request these FICO credit scores for each borrower from each of the three major credit repositories when they order the three in-file merged credit reports. If the borrower's credit file includes complete and accurate information to ensure the validity of the credit score, the underwriter does not need to further evaluate the borrower's creditworthiness.

Acceptable Types of Credit Reports

Cardinal accepts merged credit reports and mortgage-only credit reports (for certain loan products only). Residential mortgage credit reports (RMCR) and in-file credit reports are not acceptable. The most recent and accurate credit report must be used in our loan decision.

Cardinal utilizes the following credit vendors:

- Accurate Financial Services
- Advantage Credit
- Advantage Plus Credit Reporting
- Alliance 2020
- American Reporting
- Avantus
- Birchwood Credit Services
- Certified Credit Reporting

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- CIC Credit
 - Clear Choice Credit
 - Consolidated Information Services
 - Credco CoreLogic
 - Credco CoreLogic- Mortgage Only Without Scores
 - Credco CoreLogic- Mortgage Only With Scores
 - Credit Link
 - Credit Plus
 - Credit Technologies Inc
 - Credit Technology Inc
 - Equifax Mortgage Services
 - Factual Data by CBC
 - Informative Research
 - Kroll Factual Data
 - Merchants Credit Bureau
 - Midwest Mortgage Credit Services
 - Premium Credit Bureau
 - Sarma
 - Service 1st Information Systems (Credit Data Services)
 - Settlement One
 - United One
 - Universal Credit Services

The report must be an original with no whiteout or erasures.

Required Information

Traditional credit bureau reports must include credit and public record information for each locality in which a borrower has resided for a minimum of the previous two years, and must include all discovered credit and legal information that the Fair Credit Reporting Act does not consider obsolete.

Credit reports must reveal payment history indicating any 30, 60, or 90-day past-due payments. If any of the information on a report is conflicting, use the most recent "date reported" information.

The credit report must include, but is not limited to, the following information:

- Borrower full name
- Borrower address
- Full name, address, and telephone number of the reporting agency
- Names of the repositories the agency used to provide information for the report
- The credit reporting agency must make responsive statements about all items on the credit report—indicating “unable to verify” or “employer refused to verify,” when appropriate.

Public Records Information

The report must include all available public records information, identify the sources of the public records information, and disclose whether any judgments, foreclosures, tax liens, or bankruptcies were discovered (with these adverse items reported in accordance with the Fair Credit Reporting Act).

Acceptable and Unacceptable Changes

Collected credit report information should not be changed. However, it is permissible to delete duplicate information, translate codes to plain language, and/or make appropriate adjustments to resolve conflicting information.

The following types of changes are unacceptable:

- Deleting tradelines that pertain to a borrower’s bankruptcy

- Adding a payment amount to a creditor's tradeline when the creditor does not require a payment
- Restricting information collection to a shorter time period than Fannie Mae requires

Credit repositories should only change the information called to their attention by a creditor or a party that is not associated with either the real estate sale or purchase transaction or the mortgage financing.

Required Creditor Information

For each debt listed, the report must provide:

- The creditor's name
- The date the account was opened
- The amount of the highest credit
- The current status of the account
- The required payment amount
- The unpaid balance
- A payment history

The report must indicate the dates that accounts were last updated with the creditors. Each account with a balance must have been checked with the creditor within 90 days of the date of the credit report.

Format for Reporting Payment History

All data must be presented in a format that is easy to read and that is understandable without the need for code translations.

The report must list the historical status of each account. This status must be presented in a "number of times past due" format and include the dates of the delinquencies.

The preferred format is "0 x 30, 0 x 60, 0 x 90 days" late. The following formats are also acceptable:

- "R1, R2, R3, ...," if it also gives historical negative ratings, such as "was R3 in 6/05."

- a consecutive numbering sequence, such as “0001000 ...” provided the meaning is clear from the report.

Statements such as “current,” “satisfactory,” or “as agreed” are not satisfactory.

Merged Credit Reports

Cardinal accepts an automated merged credit report that electronically combines the information from the in-file credit reports from three different repositories into a single report, as long as an independent reporting agency provides the merged report.

Cardinal accepts a merged report that combines the in-file credit reports from two different repositories only when that is all the data available for the borrower.

An automated merged credit report must clearly reflect all this information:

- All of the information from the three (or two, if applicable) in-file credit reports, (a two-bureau merged in-file report must reflect a three-bureau in-file report was initially ordered)
- Names of the repositories the agency used to provide the information for the report
- All duplicate information (that which is not exactly the same on each report), or the most derogatory of the duplicate information that pertains to payment history and/or current payment status

Mortgage Only Credit Reports

Credit Reports reflecting only the payment history on the borrower’s mortgage are allowed only on Government Streamline Refinance products. Please see the appropriate product guides for additional information.

Non-Traditional Credit

Cardinal will only allow borrowers without credit scores to qualify on certain loan programs. Refer to the appropriate product snapshot or Lending Guide Chapter for additional information.

Derogatory Credit History

Borrowers who do not have a credit score due to past derogatory credit histories are not eligible for financing. ~~Borrowers may not have any collection, charge-offs, or judgments filed in the last twelve (12) months.~~ Please see the applicable product guide for additional information.

Community Property States

In community property states when a married borrower has applied for financing, credit is not accessed on non-borrower spouses except on certain government programs. See the FHA, VA, and USDA guidelines for more information.

Credit Bureau Risk Scores

Credit risk scores provide the relative probability of borrower default on a loan request. The mortgage industry uses the industry-standard credit risk scores (aka FICO scores) developed by the Fair Isaac Corporation (FICO), which have proven statistically to be valuable tools in predicting relative loan performance over time.

- Credit risk scores used by the three major credit-reporting repositories (Equifax, TransUnion, and Experian) produce a numeric value that represents the relative odds that an extended loan will go into default
- The higher the credit risk score, the less likely it is that the borrower will default

Score Reason Codes

Each repository produces a credit risk score, as well as the score reason codes that reduced the score from a theoretical "perfect" score.

- These reason codes differ from one repository to another because of variations in the data repository reports and use to generate the credit risk score.
- The underwriter must use the score reason codes associated with the chosen representative credit score.

Obtaining a Credit Risk Score

When obtaining a credit risk score:

-
- Request a score for each borrower, regardless of the borrower's employment status.
 - Obtain a score from each repository used in the compilation of the credit report data, regardless of the type of credit report obtained.

The credit report documentation requirement may vary based on the loan product, program documentation, and LTV.

Credit Score Selection

After ordering and receiving a credit report, select a single "representative" credit risk score from the scores on the report (or reports, if more than one).

This score is used to determine the product/program parameters for the loan.

Refer to the below to determine the representative FICO used to underwrite and price the loan.

- If there are three valid credit scores for a borrower, the middle score of the three scores is used
- If there are three valid credit scores for a borrower, but two of the scores are the same, the middle score is still used
- If there are two valid scores for a borrower, the lower of the two scores is used
- If there is one valid score for a borrower, that score is used

After selecting the representative credit score for each borrower, the Underwriting Decision Score must then be determined

- If there is more than one borrower, the lowest representative credit score among all borrowers is the Underwriting Score
- When there is only one borrower, the representative credit score for that borrower is also the Underwriting Decision Score
- The Underwriting Decision Score must be reflected on the loan submission form (FNMA/FHLMC 1008). The original credit report must be included in the loan file.

AUS Credit Score Requirements

Cardinal requires a three-in-file merged credit report from one of Cardinal's approved credit vendors. The credit report used by the AUS in the final loan casefile submission must be maintained in the loan file. An AUS observation message will identify all of the credit reports evaluated by the AUS during the loan submission. The version of the credit report received by the AUS must be one that supports trended credit data. Trended credit data is expanded information on a borrower's credit history at a tradeline level on several monthly factors, including:

- Amount owed
- Minimum payment
- Payment made

If the credit report reflects trended data, it can be utilized as a tool to assess the borrower's payment history. Note, trended data is *not* required to be displayed on the credit report and reports submitted without the data reflected are acceptable.

Credit scores are not an integral part of the AUS credit risk assessment because the AUS performs its own analysis of the credit report data. However, Cardinal requires that credit scores for each borrower on the transaction be requested from each of the three credit repositories when ordering the three-in-file merged credit report. If one or two of the credit repositories do not contain any credit information for borrowers who have traditional credit, the credit report is still acceptable as long as:

- Credit data is available from one repository
- A credit score is obtained from that repository
- A three in file merged report was requested

The credit report must be acknowledged by the AUS approval and must contain a Fraud Alert.

Credit Bureau Analysis

The underwriter is responsible for reviewing the credit report for the following:

Item	Requirement
Name Misspelling/Mismatch	Determine if the borrower's name is correctly reflected on the credit report. If the borrower's first name or last name or suffix is incorrectly represented on the loan application a new credit report must be ordered.
Bankruptcy Foreclosure or	Determine whether the credit bureau report, application, or other documentation in the file discloses or reports bankruptcy or foreclosure. See Significant Adverse Credit for additional guidance.
Credit Risk Score	The selected credit risk score must be accurate. See Credit Bureau Risk Scores for additional guidance.
Fraud Alert	The credit bureau report must contain evidence that DU/LPA has run one of the Fraud Alert programs. An infile credit report must supplement a credit report if the loan is being underwritten manually and the credit report does not include a Fraud Alert.
Identity Theft Red Flags	<p>To combat fraud and identity theft, the underwriter must recognize potential red flags during review of the credit bureau report and follow Cardinal's procedures on identity theft if any of the following items are present on the credit report including but not limited to:</p> <ul style="list-style-type: none"> ● Fraud or active duty alert ● Credit freeze ● Report of address discrepancy ● Recent and significant increase in the volume of inquiries ● An unusual number of recently established credit relationships ● A material change in the use of credit, especially with respect to recently established credit relationships ● Account a financial institution or creditor closed for cause or identified for abuse of account privileges <p>Note: Due to rising occurrences of identity theft and fraud, Cardinal does not allow waivers of loan conditions related to identification documentation.</p>
Undisclosed Debt	Debts that are not disclosed by the borrower on the application must be explained by the borrower and reported on the approval document. Undisclosed debt may cause the debt ratio to exceed guidelines and could result in a loan denial.
Loan Modification	When a Credit Report reflects a loan modification but does not address the terms (loan term, rate, or principal reduction amount) of the modification, the terms of the modification must be provided on a copy of the loan modification agreement or a signed letter from the lender. When the modification involves principal forgiveness or a principal reduction, review the modification to ensure it complies with all seasoning requirements.

Unstated Derogatory or Delinquent Credit Bureau Amounts	<p>If the credit bureau report does not state a balance for charge-offs, judgments, or collection accounts, obtain and document the balance.</p>
Disputed Account	<p>Under the FCRA, both the credit reporting company and the information provider are responsible for correcting inaccurate or incomplete information reporting on a consumer’s credit report.</p> <p>If the consumer disagrees with inaccurate information, at the consumer’s request the credit company will investigate the source of the incorrect reporting. While the investigation is in process, or if a resolution has not been determined, the dispute is considered an active dispute and the credit tradeline will reflect the account as a <i>‘Disputed Account’</i>.</p> <p>If, after investigation, the dispute is resolved in the creditor’s favor, and the borrower disagrees with the resolution, the account may report as <i>‘Dispute Resolved, Consumer Disagrees’</i>. Although the borrower does not agree with the resolution, the dispute is considered resolved and is no longer regarded as an active dispute.</p>

Minimum Credit Score Requirements

Minimum credit scores are set by Product, LTV, and occupancy. See the applicable product snapshot for the minimum credit score requirements.

Frozen Credit

Borrowers have the ability to freeze their credit files at one or more of the three national credit repositories – Experian, Equifax, and TransUnion. If the borrower’s credit information is frozen at one of the credit repositories, the credit report is still acceptable if:

- Credit data is available from two repositories,
- A credit score is obtained from at least one of those two repositories, and
- A three in-file merged report is requested

Note: When a frozen file exists at one or more credit bureaus and the borrower is required to lift the freeze, Corelogic will reuse any (unfrozen) credit bureau information obtained on the initial request, provided the new request is ordered within 30 days of the original credit report. The new request will result in a new reference number that can be used in AUS systems.

AUS engines have been updated to underwrite loan casefiles when a borrower has placed a freeze on their credit report at only one of the three credit repositories.

Refer to [Chapter 14 USDA Lending Guide](#) for additional requirements specific to USDA transactions.

Evidence of Mortgage Payment History

Acceptable options for a mortgage payment history include, but are not limited to, the following:

- A loan payment history from the servicer or third party verification service,
- A payoff statement for mortgages being refinanced (e.g. 'interest to date' must be current or indicate the next payment due date),
- The latest mortgage account statement from the borrower,
- A verification of mortgage containing a payment ledger or history,
- A credit supplement when direct contact has been made with the servicer; the contact information must be provided and the supplement must verify the date the last full payment was made and the due date of the next payment
 - A supplement that indicates 'automated verification' is acceptable when it provides a payment history that includes the date of the most recent mortgage payment and indicates when the next mortgage payment is due
 - An automated verification that provides only the statement 'paid as agreed' without details regarding payment date(s) is not acceptable

Mortgage/Rent Verification Provided by the Servicer or Landlord

When Cardinal relies on standard mortgage verifications, the verifications must include:

- The unpaid principal balance of the mortgage and monthly payment amount,
- The present status of the mortgage, such as current, 30 days' delinquent, etc., and the borrower's payment history

When a servicer fails to provide all of the requested information, canceled checks provided by the borrowers need to be obtained. The checks must:

- Be legible,
- Identify the mortgage servicer or mortgage holder as the payee,

- Indicate that the servicer or holder endorsed the check for deposit, and
- Indicate the date the servicer or holder deposited the check

When Cardinal relies on standard rent verifications, it must ensure that the verifications include:

- The term and amount of the agreement
- The present status of the agreement, such as current, 30 days' delinquent, etc. and
- The borrower's payment history

Letters of Explanation

Letters of explanation for derogatory credit, credit inquiries, occupancy, income, or asset questions may be required by the product, program, or at the discretion of the underwriter. If a letter of explanation is required then the documentation supplied must meet the following requirements and standards:

Written explanations:

- Contains the issue or reason for the letter of explanation, (i.e., the statement 'This letter is to provide an explanation for the recent inquiries on my credit report...'),
- Contains a reasonable and complete explanation in the borrower's own words,
- Are consistent with other information found in the loan file,
- Contain a borrower signature and date at or prior to closing

Email explanations received from the borrower are acceptable if they meet all of the following:

- Contains the issue or reason for the letter of explanation, (i.e., the statement 'This letter is to provide an explanation for the recent inquiries on my credit report...'),
- Contains a reasonable and complete explanation in the borrower's own words,
- Are consistent with other information found in the loan file,
- Contains a date,
- Contain an electronic trail, notation, reply address, signature line, or other marks to verify the email was received from the borrower address of record in the loan origination system,
- No borrower signature is required

Letters of explanation from a party that is not on the loan application, such as joint access letters, non-borrower spouse letters, and gift letters may not be provided in email format.

Verification of Deposits and Assets

Any of the following types of documentation may be used to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves.

Bank Statements or Investment Portfolio Statements

Statements must cover the most recent full two-month period of account activity (60 days, or, if the account information is reported on a quarterly basis, the most recent quarter). When consecutive credit documents are in the loan file, the most recent document is used to determine whether it meets the age requirement. For example, when two consecutive monthly bank statements are used to verify a depository asset, the date of the most recent statement ending date must be no more than two months old on the note date.

The statements must:

- May be computer-generated forms, including online account or portfolio statements downloaded by the borrower from the Internet,
- Clearly identify the borrower as the account holder,
- Include at least the last four digits of the account number,
- Include the time period covered by the statement,
- Include all deposits and withdrawal transactions (for depository accounts),
- Include all purchase and sale transactions (for financial portfolio accounts), and
- Include the ending account balance.

Copies of retirement account statements must be the most recent statements, and they must identify the borrower's vested amount and the terms.

For Fannie Mae transactions, if the latest bank statement is more than 45 days earlier than the TRID application date, the borrower will need to provide a more recent, supplemental, bank-generated form that shows at least the last four digits of the account number, balance, and date. The statements may be

computer-generated forms, including online account or portfolio statements downloaded by the borrower from the Internet; refer to the [Computer Generated Transaction History](#) section below.

Cardinal permits truncated account numbers, or masked account numbers, that display at least the last four digits of the borrower's asset account on the loan application in DU, or on the asset documentation.

Computer Generated Transaction History

A computer-generated transaction history, downloaded by the borrower from the Internet or by a financial institution representative from the institution's system is acceptable.

Documentation must:

- Clearly identify the name of the depository or investment institution and the source of information—for example, by including that information in the Internet banner at the top of the document
- Identify the account owner(s)
- Identify the account number, which at a minimum must include the last four digits
- Show all transactions including an ending balance
- Show the period covered by the printout
- Show any outstanding loans secured by the asset

Third-Party Asset Verification Vendor

Direct verifications by a third-party asset vendor are acceptable as long as:

- The borrower provided proper authorizations for the lender to use the verification method,
- The verified information provided must conform with the information that would be provided on Form 1006, Form 1006(S), or on bank statements,
- The date of the completed verification is in compliance with the Allowable Age of Credit Documents and Federal Income Tax Returns,
- Cardinal is reasonably assured that the vendor maintains reasonable practices that ensure reliable and authorized verifications of deposit and asset information, and

- Cardinal will be held accountable for the integrity of the information obtained from this source.

If necessary, the underwriter may ask that these verifications be supplemented by obtaining any missing information from the borrower or the depository institution.

Foreign Language Documentation

Loan file documentation provided in a foreign (non-English) language or in foreign (non-U.S. dollar) currency must meet all applicable Agency requirements and all Applicable Laws along with the following:

- The executed copy of all standard (form) documents in the Mortgage Loan file must be the English language version. An Agency-provided (Fannie Mae or Freddie Mac) English/Spanish version of the Uniform Residential Loan Application is acceptable, if permitted by the applicable Agency.
- All credit reports must be in the English language
- Any other non-English language documents or exhibits, such as purchase contracts, gift letters, verifications, or bank statements, must include an English language translation; refer to [Translation of Documents](#) below
- All financial information (such as income or assets) must be in, or converted to, U.S. dollars as of the date provided with the conversion
 - When the source of funds needed for down payment, closing costs, or financial reserves originates from assets located outside of the United States and its territories, those assets must be exchanged and transferred into a U.S. or state-regulated financial institution and must be verified prior to the closing of the loan

Translation of Documents

All documents of foreign origin must be filled out in English or must be translated into English by the document originator or a disinterested third-party translation service. The translation must be attached to each document.

Examples of acceptable third-party translation services:

-
- Google Translate or similar site
 - Professional translation service
 - An individual who considers themselves competent in both English and the document's original language

OFAC Sanctioned Countries

If it is determined that the borrower's source of funds for the down payment or closing costs is from a country included on The Department of the Treasury's website, the funds are not eligible for use in the transaction.

The following is for reference only, the most current OFAC Sanctions program list must be accessed on [The Department of the Treasury's website](#).

- Afghanistan
- Balkans
- Belarus
- Burma
- The Central African Republic
- Cuba
- The Democratic Republic of the Congo
- Ethiopia
- Hong Kong
- Iran
- Iraq
- Lebanon
- Libya
- Mali
- Nicaragua
- North Korea
- Somalia
- Sudan/Darfur
- South Sudan
- Syria

- Transnational Criminal Organizations
- Ukraine/Russia
- Venezuela
- Yemen
- Zimbabwe

Employment Documentation

Cardinal Financial requires that all income used as qualifying income for the borrower be verified. This verification may be provided by the borrower's employer or a third-party employment verification vendor.

Paystubs and W-2's

The paystub must be dated no earlier than 30 days prior to the initial loan application date and it must include all year-to-date earnings. Additionally, the paystub must include sufficient information to appropriately calculate income; otherwise, additional documentation must be obtained.

IRS W-2 forms must cover the most recent one- or two-year period, based on the documentation requirements for the particular income type. The W-2 forms must clearly identify the borrower as the employee.

"Most recent" W-2 is defined as the W-2 for the calendar year prior to the current calendar year. Alternative documentation, such as an IRS Wage and Income (W-2) Transcript, a written Request for Verification of Employment (Form 1005 or Form 1005(S)) (see below) or the final year-to-date paystub, may be used as long as adequate information is provided.

- Documents must be computer-generated or typed by the borrower's employer(s), although paystubs that the borrower downloads from the Internet are also acceptable. Documents must clearly identify the employer's name and source of information.
- The documents must clearly identify the borrower as the employee.
- The information must be complete and legible.

The original source of the information must be a third party, such as the borrower's human resources department, personnel office, payroll department, company's payroll vendor, or supervisor.

Employment Documentation Provided by the Borrower's Employer

Cardinal Financial will allow the Request for Verification of Employment (Form 1005 or Form 1005(s)) to document income for salaried or commissioned borrowers. All information on the form must be complete and legible. Refer to the [Verification of Employment Policy](#) below for complete verification of employment requirements.

When the borrower authorizes Cardinal to obtain verification of employment and income directly from the employer, the borrower must sign Form 1005 or Form 1005(S). Alternatively, the borrower may sign a Signature Authorization Form, which gives Cardinal blanket authorization to request the information needed to evaluate the applicant's creditworthiness.

Direct Written Verifications

Written verifications must pass directly between Cardinal staff and the employer, mortgagor/landlord, or approved vendor as applicable, without being handled by any party to the transaction. Prior to obtaining any written verifications, Cardinal must obtain a borrower executed blanket authorization form. Any received written verifications must not contain any alterations, erasures, correction fluid, or correction tape.

Employment Documentation Provided by a Third-Party Employment Verification Vendor

Cardinal Financial allows employment and income verification directly from third party employment verification vendors as long as:

- The borrower has provided proper authorization for this verification method to be used
- The date of the completed verification is in compliance with the Allowable Age of Credit Documents and Federal Income Tax Returns
- Cardinal can be reasonably certain that the vendor has made provisions to comply with reasonable quality control requests from both the lender and any subsequent mortgagee, and
- Cardinal Financial is held accountable for the integrity of the information obtained from this source

If necessary, the underwriter may require that the third-party verification be supplemented by obtaining any missing information from the borrower or his or her employer.

Tax Return Requirements

When required, personal federal income tax returns must be copies of the original returns that were filed with the IRS. All supporting schedules must be included. “Most recent” tax return is defined as the last return scheduled to have been filed with the IRS.

The information must be complete and legible.

FNMA/Freddie Mac

Each tax return must be signed by the borrower unless the lender has obtained one of the following signature alternatives:

- Documentation confirming that the tax returns were filed electronically,
- A completed IRS Form 4506–C (signed by the borrower) for the year in question, or
- IRS transcripts that validate the tax return

FHA/VA/USDA

Each tax return must be signed by the borrower.

Self-Employed Required Documentation

Refer to the applicable lending guide chapter or snapshot for guidance.

Verification of Employment Policy

Cardinal Financial (Cardinal) must verify employment and income for all borrowers whose income is used to qualify for the mortgage loan. The verification of employment (VOE) procedures help enforce the requirement to confirm specific details related to a borrower's employment history and further ensures compliance with our lending guidelines and other state and federal requirements. Cardinal is required to confirm that the borrower remains employed as late in the process as possible, as originally disclosed on the loan application. A change in the borrower's employment status could significantly impact their capacity to repay the mortgage loan and, therefore, must be thoroughly re-evaluated. It is crucial that any skepticism related to a borrower's current employment status or employer-provided documentation is escalated and fully reverified to ensure the loan's quality. This policy will aid and clarify the program-specific requirements for each type of verification.

Scope

This policy covers the requirements for VOEs as carried out by the following groups and roles:

Group	Role
Transaction Management	Transaction Coordinator (TC), Transaction Support (TS), Transaction Support Specialist (TSS), Client Advocate (CA)
Retail	Transaction Assistant (TA), TC
Wholesale	Wholesale Client Advocate (WCA)

VOE Acceptable Providers

The following providers can provide verifications:

- Borrower’s employer
- Third-party employment verification vendor
- Entity or individual with access to hiring records and authorized to perform the verification

When provided by the borrower’s employer, the verification must be obtained from one of the following company representatives:

- Supervisor
- Manager
- Human Resources (HR) representative
- Payroll representative
- Owner or officer of the company, such as a Chief Executive Officer (CEO) or President
- Controller
- Bookkeeper

- Union employee
 - Note: If a union member works in an occupation that results in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), the union facilitates the borrower's placement in each assignment and the VOE may be obtained from the union in lieu of the individual employer(s).

Cardinal team members must source all VOEs. Third-Party Origination (TPO) Partner Employees may not provide VOE documents.

Note: Retail is excluded from the Third-Party Origination (TPO) VOE requirement noted above.

Employer's Contact Information

The source of the employer's contact information used to complete the Verification of Employment must be obtained via a reliable internet resource. A printout reflecting the online search used to obtain the employer's phone number and if possible, the employer's address, must be provided.

Acceptable Internet Sources

A reliable internet resource is one that is an independent verification of the employer's contact information; the resource is not considered independent if the employer has the ability to directly edit the information on the internet page or site. Acceptable internet verification sources could include one of the following **only if the business's phone number** is present on the page or site:

- Secretary of State [lookup](#)
- Fictitious Business Name (FBN) or Doing Business As (DBA) filing or website search results
- Department of Commerce [search results](#)
- State regulatory [agencies](#)
- State Medical Board [registration](#)
- The state [board of accountancy](#)
- True People Search, Yellow Pages, or similar listing websites
- Google search:
 - Phone number search and address search showing two or more acceptable verification

sources, which may include the following sites:

- [TripAdvisor](#)
- OpenTable
- Groupon
- Zagat

Note: These are sites on which businesses pay to advertise

Unacceptable Internet Sources

Any internet source that allows the business owner to directly edit their company information and content is not an acceptable resource for independently verifying employer phone numbers through a reliable internet resource. Examples include, but are not limited to:

- 411.com
- Documentation collected from an Interested Party to the Transaction, to include Third-Party Originator
- Crowd-sourced review sites such as Yelp or Next Door
- Manta.com, a website for businesses to self-promote
- Professional networking sites such as LinkedIn
- Social media sites such as Instagram and Facebook

When the only available phone number for the employer is a cellular phone, therefore the phone number cannot be located online because it belongs to an individual, the following additional documentation must be provided:

- Confirmation that the cellular phone number is issued in the name of the employer or self-employed business (i.e. FastData or phone records)
- Evidence of a reverse business lookup using the business name
- Evidence of reverse cellular phone number using the cell phone number

Note: If the cellular phone is issued to an individual, the individual must be the business owner.

VOE Acceptable Types

The acceptable types of VOEs are:

- [Written \(WVOE\)](#)
- [Verbal \(VVOE\)](#)
- [Self-employment \(SVOE\)](#)

Please refer to the following procedures for guidance on how to request, obtain, and upload the required documentation inside the system of record:

- [Obtaining a Self Employed Verification of Employment \(SVOE\)](#)
- [Obtaining a Verbal Verification of Employment \(VVOE\)](#)
- [Obtaining a Written Verification of Employment \(WVOE\)](#)

Interested Parties to the Transaction

An interested party may not provide verification. Interested parties to a transaction include but are not limited to the buyer, property seller, builder, developer, real estate agent, broker, or an affiliate who may benefit from the sale of the property and/or the sale of the property at the highest price possible.

Types of VOEs

WVOE

For any job, Octane determines if a WVOE is required if the job/income includes any of the following:

- Variable income (income from hourly workers with fluctuating hours)
- Bonus
- Overtime
- Commission
- Foreign income

- Housing income
- Temporary leave
- Tip income

If Octane determines a WVOE is not required, but the underwriter determines we do need one based on their review of the income type and documentation, the underwriter will be required to select the Force Required box within the applicable Income > Job VOE tab in Octane.

The information on the WVOE must be completed as applicable to the borrower. For example, overtime may not be achieved if the borrower is in a position that does not pay overtime. The following fields on the form are optional:

Field #	Title of Optional Field
11	Probability of continued employment
13	Military personnel comments are only required for active-duty military verifications
14	If overtime or bonus is applicable, is its continuance likely?
16	Date of the applicant's subsequent pay increase
17	Projected amount of subsequent pay increase
18	Date of applicant's last pay increase
19	Amount of previous pay increase
20	Remarks are optional
24	Reason for leaving (Part III — Verification of Previous Employment)

VVOE

A VVOE is required for all wage-earner and salaried borrowers.

The verification must be obtained verbally, via email or fax, or by a third-party verification company.

Note: To ensure the appropriate VOE documents are present within the loan, the Income Screen > Job VOE > Verbal Verification Method must indicate if the verification was obtained via phone, fax, email, or third-party verifier.

Employment Verification Provided by the Borrower's Employer

The verification for current employment for all wage-earning and salaried borrowers via phone, email, or fax must validate the following:

- First and last name of the individual providing the verification
- Title or role within the company of the individual providing the verification
- Contact number and/or fax/email address of the individual providing the verification
 - Email must be received from the borrower's direct supervisor/manager or the employer's HR department
 - a generic email address (as opposed to a specific email address for an individual) Generic email address (for example hr@johndoesupermarket.com) is acceptable if validated
 - ~~Email address cannot be a Gmail or other private email provider.~~
~~Exception: Underwriter discretion is permitted, especially when a company may not have "company" email addresses for remote workers.~~

Note: A generic email address, as opposed to a specific email address for an individual, (for example hr@johndoesupermarket.com) is acceptable if validated ¶

~~Note: A generic email address, as opposed to a specific email address for an individual, (for example hr@johndoesupermarket.com) is acceptable if validated~~

- Borrower's current position
- Confirmation of the borrower's current employment status
- Borrower's start date at the employer
 - If informed the borrower is no longer employed with the company, a termination/separation date must be obtained.

- Name and title of the lender employee who completed the verification
- The date of the call, email, or fax

Employer Email Used for Verification of Employment

Verifications completed using the employer's ~~san~~ ~~employers~~ email must be accompanied by documentation supporting an online search from an reliable internet source that validates that the provided email address matches the domain name for the company website.

Employed by Family Member

If the family employs the borrower, the indicator within Octane for the job in which the borrower is employed by the family must be selected. Verification may not be obtained from a relative unless the relative is the only other employee.

The screenshot displays the 'Income' section of the Octane system. The 'Job Details' tab is active, showing the following information:

- Employer Relationship:**
 - Employer is realtor? Yes No
 - Employer is relative? **Yes** No
 - Employer is seller? Yes No
 - Employer is other party? Yes No
- Details:**
 - Foreign Income: Yes No
 - Seasonal: Yes No
 - Position: Dialysis Tech
 - Time in Line of Work: 4 Years
- Income (Actual) Table:**

	Monthly	Estimated	Actual
Base		\$0.00	\$2,816.66
Overtime		\$0.00	\$0.00
Bonus		\$0.00	\$0.00
Commission		\$0.00	\$0.00
Tip		\$0.00	\$0.00
Monthly	\$0.00	\$0.00	\$2,816.66
Annual	\$0		\$33,799
Commission	0.00 %		0.00 %

At the bottom of the interface, there are buttons for 'Cancel', 'Delete Job', 'Tag Job', and 'Save'.

Employment Documentation Provided by a Third-Party Employment Verification Vendor

To ensure the appropriate VOE documents are present within the loan, the Verbal Verification Method field must indicate if the verification was obtained via phone, fax, email, or third-party verifier.

The verification for current employment for all wage-earning/salaried borrowers via an acceptable third-party verifier (see [Acceptable Third-Party Employment Verification Vendors](#)) must validate the following:

- Borrower’s name
- Employer’s name
- Borrower’s current position
- Confirmation of the borrower’s current employment status
 - Employment status is active or currently employed
- Borrower’s start date at the employer
 - If the borrower is no longer employed with the company, the termination/separation date must be obtained.
- If the verification offers a ‘current as of’ or ‘information verified as of’ date, this date may be no older than 35 days as of the Note date.
 - Note: FHA requires this date be no older than 30 days as of the Note date
- Because third-party vendor databases are typically updated monthly, the verification must evidence that the information in the vendor’s database was no more than 35 days old as of the note date. This date is often displayed as employment current as of or verified as of date.

SVOE

An independent verification of self-employment business for self-employed borrowers must validate the following:

Document Name	Documentation Standards
Verification of Self-Employment	The Verification of Self-Employment is a borrower-facing document used to house the optional Self-Employment Questionnaire. It will also serve as a receptacle for gathering documents related to the borrowers' self-employment. Document examples include business licenses, invoices, contracts, payment receipts, business certificates, business registries, and/or any other documentation related to

	self-employment.
Verification of Self-Employment Business	<p>In addition to the borrower-provided documentation, the underwriter must independently verify the business existence and operationality using documentation including:</p> <ul style="list-style-type: none"> ● Business website demonstrating activity supporting current business operations: <ul style="list-style-type: none"> ■ Services can be scheduled; timely appointments can be made ■ Instagram/Facebook page showing current active hours of operation, app/website showing current services are being offered (i.e., GrubHub, DoorDash, Yelp, UberEATS). ● Evidence of current work executed or signed invoices <ul style="list-style-type: none"> ■ If a contract was executed in the past and ran past the current date, this can be used as proof of recent business activity ● Evidence of current business receipts within ten business days of the note date

Refer to [Acceptable Verification of Self-Employment Sources](#) for acceptable documentation to satisfy these requirements and [Obtaining a Self Employed Verification of Employment \(SVOE\)](#) for guidance on requesting, obtaining, and uploading the required documentation inside the system of record.

Military Personnel

If the borrower is in the military, in lieu of a verbal or written VOE, a military Leave and Earnings Statement (LES) may be used to satisfy the VOE requirements on Conventional and VA transactions.

Note: Do not confuse a military LES with a civilian LES.

Alternatively, a VVOE may be obtained through the [Servicemembers Civil Relief Act \(SCRA\) Website](#), which is used to validate the following:

- Borrower's name
- Confirmation that the borrower's current military status is active

- If the Military Lending Act (MLA) website does not provide the servicemember's employment verification, the borrower must be contacted and provided instructions for Self Service Employment Verification (EV) through MyBiz.
- EV is an online self-service MyBiz+ tool allowing current DOD employees to send employment and/or salary information to an external organization (business, bank, credit union) or person directly from the Defense Civilian Personnel Data System (DCPDS) in a password-protected document via email. MyBiz is used to verify employment for Civil Service employees. The borrower must complete various steps through the DCPDS. The DCPDS gives employees access to their most current Notices of Personnel Action (SF50s) and employment verification information.

Note: FHA and USDA transactions require a verbal verification through the SCRA website and will not accept an LES in lieu of a verification.

Verification of Previous Employment

A VVOE for two years of continuous employment may be required for each borrower per program requirements. Verification of previous employment is not required on FHA non-credit qualifying streamline refinance and non-qualifying Veterans Administration (VA) Interest Rate Reduction Refinance Loans (IRRRL).

If a borrower has been at their current employer for less than two year, a verification of previous employment must be obtained via phone, email, fax, or third-party verifier and validate the following:

- First and last name of the individual providing the verification
- Title or role within the company of the individual providing the verification
- Contact number and/or fax/email address of the individual providing the verification
 - Email must be received from the borrower's direct supervisor/manager or the employer's HR department
 - Email address cannot be a Gmail or other private email provider
Exception: Underwriter discretion is permitted, especially when a company may not have "company" email addresses for remote workers.

-
- Borrower's position
 - Borrower's start and end date at the employer
 - Name and title of the lender employee who completed the verification
 - The date of the call, email, or fax

If a WVOE is required to validate a special income type (e.g., commission, bonus, or tip), this WVOE containing income information can be used to satisfy the requirement for the previous employment.

Note: VOEs from previous employers do not expire because that portion of the borrower's income history will remain unchanged.

If an employer will not verbally verify employment, the loan team may obtain a written verification confirming the borrower's current employment status within the same time frame as the VVOE requirements. The written documentation must include the name and title of the person who completed the verification for the employer.

Note: The income-specific fields on the WVOE Request Form are not required to be completed.

In the event an employer is no longer in business, and previous employment is not able to be confirmed, Cardinal Financial will accept the following:

- Evidence that the business is no longer in operation via secretary of state website license showing inactive, website indicating employer no longer in business
- Attestation completed by Transaction Coordinator (TC) obtained by calling the provided telephone number for the inactive employer and confirming if successful at reaching someone within the business

Sourcing and Documentation

Acceptable Third-Party Employment Verification Vendors

The lender may receive employment and income verification directly from a third-party employment verification vendor. These verifications are acceptable as long as:

- An e-signed or wet-signed Borrower's Certification and Authorization (BCA) is available within Octane.

- The vendor made provisions to comply with reasonable quality control requests from both the lender and any subsequent mortgagee.

Cardinal may receive employment and income verification directly from the following third-party employers.

- | | | |
|-----------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------|
| • <u>CCC Verify</u> | • <u>Tenstreet</u> | • <u>VerificationManager</u> |
| • <u>E-Verify</u> | • <u>The Work Number from Equifax</u> | • <u>VerifyAdvantage</u> |
| • <u>EmplInfo</u> | • <u>Thomas & Company</u> | • <u>VerifyFast</u> |
| • <u>EmployCheck</u> | • <u>Truework</u> | • <u>VerifyToday</u> |
| • <u>Servicemembers Civil Relief Act (SCRA)</u> | • <u>uConfirm /Experian</u> | • <u>VeriSafeJobs</u> |
| • <u>Quick Confirm</u> | • <u>Vault Verify</u> | |
| | • <u>Verifent</u> | |

Acceptable Verification of Self-Employment Sources

The conditions for verifying a borrower's self-employment differ by business type and can be satisfied by lender-provided or borrower-provided documentation. The below information outlines the acceptable sources for verification of self-employment in order of preferred method.

Option 1

Lender employee must obtain verification via an online search evidencing the borrower is the owner of the business. Documentation must meet the following standards:

- Identify our borrower as the owner or agent.
- Identify the name of the business.
- License is not expired, if the business is required to have a license to operate.

Acceptable verification sources include:

- Secretary of State [lookup](#)
- Fictitious Business Name (FBN) or Doing Business As (DBA) filing or website-search results
- Department of Commerce [search results](#)

- State regulatory agencies
- State medical board registration
- State board of accountancy

Option 2

If the business cannot be verified with Option 1, the lender employee may verify it with an online directory. Acceptable verification sources include:

- True People Search, Yellow Pages, or similar listing websites
- Google: phone number search and address search showing two or more acceptable verification sources, which may include the following sites:
 - TripAdvisor
 - Openable
 - Groupon
 - Wikipedia
 - Zagat

Note: These are sites on which businesses pay to advertise.

Unacceptable Sources for Option 1 and 2

Any website that allows the business owner to edit their company information and content are not acceptable sources for verifying self-employment. This includes, but is not limited to:

- 411.com
- Documentation collected from an Interested Party to the Transaction, to include Third-Party Originator
- Crowd-sourced review sites such as Yelp
- Manta.com, a website for businesses to self-promote

- Professional networking sites such as LinkedIn
- Social media sites such as Instagram and Facebook

Borrower Provided Verification Document Requirements

If the business cannot be verified with Option 1 or 2, documentation to verify the existence of the self-employment may be obtained from the borrower, meeting the standards outlined in Borrower Provided - Verification Documentation Standards below.

Borrower Provided - Verification Documentation Standards		
Supporting Document	What Must Be Included?	Applicable Business Type
Bond Insurance	<p>When a service provider indicates they are licensed, bonded, and insured, that means that they have the required licensing for their business type, proper insurance, and have made payments for additional coverage with a bond.</p> <ul style="list-style-type: none"> ● Types of bond coverage evidenced within insurance documentation: <ul style="list-style-type: none"> ■ Surety bonds, license and permit bond, contract bonds, performance bonds, fidelity bonds ● Must be evidence of insurance that contains ALL of the following information: <ul style="list-style-type: none"> ■ Date insurance policy was instituted (must be at least two years ago) 	<ul style="list-style-type: none"> ● Builders ● Contractors ● Repair workers (plumbers, electricians, carpenters, roofers) ● Car dealers ● Paralegals ● Finance brokers/lender ● Uber/Lyft driver

	<ul style="list-style-type: none"> ■ Evidence that policy is active ■ Our borrower, as the policyholder 	
Business Reference Letter or Contract for Services	<p>The documentation must contain ALL of the following:</p> <ul style="list-style-type: none"> ● Contact information for the business employing our borrower’s services ● Name of our borrower ● Type of service(s) rendered ● Dates of service(s) rendered <p>Verify the person providing the documentation is an authorized representative of the business listed in VOE Acceptable Providers above.</p>	<p>Service or contract-based work, such as:</p> <ul style="list-style-type: none"> ● Web development and designing ● Home health provider ● Teaching and tutoring ● Freelance writing and copywriting ● Creative/graphic design ● Sales and marketing ● Mobile app development ● Search engine optimization (SEO), search engine marketing (SEM) ● Translation and transcription services ● Photographer ● Rover/Wags pet sitter
FBN or DBA Filing	<p>Must be current DBA issued by the state, city, or county that contains ALL of the following information:</p> <ul style="list-style-type: none"> ● Date DBA was obtained (must be at least two years ago) ● Our borrower named as the business owner 	<p>Applicable to all self-employment</p>
Enrolled or Registered Agent Letter	<p>The letter must contain ALL of the following:</p> <ul style="list-style-type: none"> ● Signature of enrolled agent ● Verification of the existence of the business ● Verification of ownership of the business 	<p>Applicable to all self-employment</p>

	<p>Verify the Status of an Enrolled Agent via irs.gov.</p>	
<p>Membership Letter from Professional Organization</p>	<p>The letter must contain ALL of the following details:</p> <ul style="list-style-type: none"> ● Official company/organization letterhead ● Contact information for the organization ● Our borrower’s name ● Confirmation that the borrower is currently self-employed and has been for at least two years, as evidenced by the affiliation with the organization 	<p>Any line of work where membership in an organization is optional, including, but not limited to:</p> <ul style="list-style-type: none"> ● Dentist - American Dental Association (ADA) ● Realtor - National Association of Realtors (NAR) ● Builder - National Association of Home Builders (NAHB)
<p>Online Third-Party Verification Tools</p>	<p>This scenario must include the following:</p> <ul style="list-style-type: none"> ● Borrower as the owner ● Name of the business (if applicable) <ul style="list-style-type: none"> ■ Business must reflect as “active” 	<p>Applicable to all self-employment</p>
<p>State License & Business License</p>	<p>Search state, city, or county websites to locate the borrower’s license issued by the municipality and evidence ALL of the following:</p> <ul style="list-style-type: none"> ● Identifies our borrower as the owner or agent ● Name of the business (if applicable) ● License is not expired 	<p>Applicable to all self-employment¹</p>

<p>Certified Public Accountant (CPA)/Tax Preparer Letter</p>	<p>The verification letter must reflect ALL of the following information:</p> <ul style="list-style-type: none"> ● Signature of Preparer Tax Identification Number (PTIN) holder ● Verification of the existence of the business ● Verification of ownership of the business <p>Verification of the PTIN holder must also be included in the loan file. Verify a PTIN by using one of the following resources:</p> <ul style="list-style-type: none"> ● Authorized IRS E-File Providers for Individuals ● PTIN Information and the Freedom of Information Act <p>You will need the PTIN holder's ZIP code to complete the verification. The tax preparer letter must match whoever did the actual tax preparation. If the taxes are self-prepared, the letter must be from a CPA.</p> <p>The letter must meet ALL of the following requirements:</p> <ul style="list-style-type: none"> ● Name of borrower's business ● Letter is on company letterhead, dated, and signed by the preparer ● Tax preparer's license number/designation is included in letter: <ul style="list-style-type: none"> ■ Verify license number 	<p>Applicable to all self-employment</p>
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	<p>via the state accountancy department website</p> <ul style="list-style-type: none"> Letter is signed and dated within the acceptable validity period 	
Worker's Compensation & Employers Liability Insurance	<p>Verification must be a current statement from the insurance provider that contains ALL of the following information:</p> <ul style="list-style-type: none"> Evidence that the policy is active Our borrower name as the policyholder 	<p>Applicable to all self-employment</p>
Reference Letters	<p>Obtain a minimum of three (3) reference letters from third-party sources verifying the existence of the borrower's business and affirming that the service provider has extended services to the letter author personally.</p> <p>The documentation must contain ALL of the following:</p> <ul style="list-style-type: none"> Contact information for the business utilizing our borrower's services Name of our borrower Type of service(s) rendered Dates of service(s) rendered <p>Note: Reference letters must be written by the person providing the reference</p>	<p>Non-licensed trade where the borrower <i>does not</i> hold a current license/Fictitious Business Name Statement (FBNS) or CPA letter</p>

	and may not be provided by relatives or interested parties to the transaction.	
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¹The list below includes some examples of occupations that require a license in most states. This list is not all-inclusive, and you are encouraged to conduct additional research regarding the licensing requirements of your borrower’s employment to obtain accurate information for employment verification: accountant acupuncturist, animal breeder, appraiser, architect, attorney, childcare worker, chiropractor, construction contractor, dentist, electrician, financial analyst, food handling, hairdresser, hunter/trapper, HVAC repair, insurance agent, make-up artist, manicurist, marriage and family therapist, massage therapist, medical doctor, midwife, mortgage professional, mortician, notary public, nurse, optometrist, personal trainer, physical therapist, pilot, plumber, psychologist, roofer, social worker, speech therapist, tax preparer, taxi driver, travel agent, truck driver, or veterinarian.

Verification of Active Business Operationality

The conditions for verifying a borrower’s self-employed business can be satisfied by the underwriter as follows:

Document Name	Documentation Standards
Business Website	<p>Business website or other online advertisement demonstrating activity supporting current business operations (e.g., services can be scheduled; timely appointments can be made):</p> <ul style="list-style-type: none"> ● Instagram/Facebook page showing current active hours of operation ● App/website showing current services are being offered (e.g., GrubHub, DoorDash, Yelp, UberEATs) ● App/website showing current services are being offered (e.g., Yelp, Etsy, Angie’s List) ● Evidence of current work executed or signed invoices ● If a contract was executed in the past and runs past the current date, this can be used as proof of current business activity ● Evidence of current business receipts within 10 business days of the note date

Documentation of Current Work	<p>Evidence of current work documentation that indicates the business is operating (e.g., executed contract or work agreement, signed invoices, contracts specifying payment schedule)</p> <ul style="list-style-type: none"> • If the contract was executed in the past and runs past the current date, this can be used to prove current business activity.
Documentation of Completed Work	<p>Current business receipts evidencing borrower has been paid for services provided (e.g., paid receipts, copies of business account bank statements)</p> <ul style="list-style-type: none"> • Use the date of receipt/deposit as the date of verification.

Consent to the Use of Tax Return Information

The Taxpayer First Act includes a provision that persons receiving return information must obtain the express permission of taxpayers prior to disclosing that return information to any other person. Therefore, Cardinal must obtain express consent from the borrower(s), including non-applicant(s), to be able to share the tax information with another party.

This component of the law went into effect December 28, 2019. The Borrower Consent to the Use of Tax Return Information disclosure provides the express permission to share tax return information in accordance with the law. A copy of the signed consent must be maintained in the loan file.

Tax Transcripts - 4506-C

Conventional, FHA, VA, and USDA: W-2 or 1099 transcripts are not required for:

- Wage-earner borrowers,
- Other Income borrowers (e.g., fixed income documented with an award letter)

When tax returns are required, tax transcripts are also needed to validate the qualifying income. See the section below for guidance. Underwriters may request a tax transcript on any file at their discretion.

Note: *Transcripts are not required to validate W-2 or 1099 forms unless product guidelines call for them or a member of our underwriting or quality control team identifies the requirement (typically for handwritten W-2s, or family-employed borrowers).*

Income and transaction types that require Tax Transcripts include but are not limited to:

- Self-employment income
- Rental income
- Dividend, interest, and Note income
- Income sources where tax returns are used in lieu of other sources (i.e. award letters, canceled checks, etc.) such as:
- Employment/Income provided by a family member
- Borrowers employed by interested parties to the transaction of the property sale or purchase
- Handwritten income documentation
- Foreign employment income
- Any circumstances where tax returns are submitted to underwriting for review

In addition to AUS requirements, Cardinal requires a completed and signed IRS Form 4506-C for each borrower on the loan prior to approval. If business returns are provided, a 4506-C must be completed for personal and business federal tax returns for all years used in qualifying for the loan.

State income tax returns are not required and should not be validated.

Transcript Data Review

The IRS transcripts should be reviewed to ensure income is calculated properly and all required items are addressed. The review should include the following items:

- Income reported on the tax returns
- Compare the address returned on the tax transcripts to the borrower's addresses listed on the application to ensure consistency on documents in the loan file. Any discrepancies must be adequately addressed by the borrower.
- Capital gains/losses
- Rental property income/losses
- Undisclosed self-employment
- Occupancy issues identified by address discrepancies

- Undisclosed dependents
- Undisclosed rental and/or other properties
- Undisclosed alimony obligation(s)
- Undisclosed federal tax debt(s)

Amended Returns

When a borrower filed an amendment to the tax return, an amended tax transcript is required. The borrower must check box 6c, in lieu of box 6a, of the 4506-C to request a transcript for the amended return. Please also reference the Tax Documentation Policy below for additional guidance.

Business Transcripts

Business transcripts are not required unless the Underwriter determines additional confirmation of the business income documentation is needed or if a specific product requires.

Use of IRS Tax Transcripts in Lieu of Tax Returns

Cardinal does not allow for the use of IRS Tax Transcripts as an alternative to obtaining the borrower's signed and dated personal and/or business Tax Returns to document qualifying income for sources normally requiring tax returns. Refer to product guidelines for specific Agency or Investor requirements.

Use of Wage and Income Transcripts (W-2 Transcripts) in Lieu of W-2's

Cardinal will allow the use of IRS Wage and Income Transcript (W-2 Tax Transcript) as an alternative to obtaining the borrower's W-2 or 1099 documentation.

Taxpayer Identification Theft

Taxpayer Identification theft could occur when a legitimate taxpayer's stolen Social Security Number is used to file a forged tax return and attempt to claim a fraudulent refund. The following documentation is required when a borrower is a victim of taxpayer identification theft:

- Primary proof of identification theft as evidenced by one of the following:
 - Proof identification theft was reported to and received by the IRS (IRS form 14039)
 - Copy of notification from the IRS alerting the taxpayer to possible identification theft

- Police Report or proof of filing a complaint with the Federal Trade Commission regarding identity theft.

Secondary documents (as applicable) to validate the reported income on the tax returns in question:

- W-2 or 1099 transcripts that match the W2 or 1099 income shown on the tax forms
- 1099 Mortgage Interest should match reported interest on Schedule A or Schedule E
- 1099 G Unemployment should match reported unemployment
- 1099 Interest/Dividend should match reported dividend and interest
- Validation of prior tax year's income (income for the current year must be in line with prior year(s))

Tax Documentation Policy

Reminders

- Ensure all product-specific overlay tax return and transcript requirements are met.
- Cardinal requires a completed and signed IRS Form 4506-C for each borrower on the loan prior to approval.
- An executed 4506-C is valid for 120 days from the date of the borrower's signature.
- State income tax returns are not required and should not be requested, provided, or validated.
- In all cases, the transcripts must be obtained directly from the IRS through an approved Cardinal vendor or the borrower, when permissible. These transcripts must meet the number of years needed for qualification of the specific income source.
 - Borrower Provided Tax Transcripts
 - Permissible for Conventional, FHA, VA, USDA, and DPA loan programs unless otherwise specified as not allowed
 - Jumbo loan programs require third party vendor transcripts, but exceptions may be eligible upon submission of a Loan Review in Octane
- Note: Prior years' tax transcripts are required with no exceptions (i.e. 2021,2022).

Tax Extension Deadlines due to Natural Disaster

Several areas impacted by natural disasters are extended tax relief by the IRS. Such tax relief postpones various tax filing and payment deadlines which vary by state; a current list of eligible localities is available on the [Disaster Relief](#) page on IRS.gov.

Tax Documentation Requirements

<u>Salaried Borrower(s) – Conventional, FHA, and VA Transactions</u>		
Income Documentation Required	<p>The Automated Underwriting System (AUS) will determine the number of years of income documentation and what type of documentation is required. The following income types do not require a W-2 or 1099 Transcript:</p> <ul style="list-style-type: none"> • Wages documented by a W-2 or 1099 • Other Income documented by an award letter or 1099-R 	
Transcript Requirement	<p>When tax returns are required, tax transcripts are also needed to validate the qualifying income. See the section below for guidance.</p> <p>Note: <i>Transcripts are not required to validate W-2 or 1099 forms unless product guidelines call for them or a member of our underwriting or quality control team identifies the requirement (typically for handwritten W-2s, or family-employed borrowers).</i></p>	
Application date and documentation availability		
IF the requirement is...	AND the initial application date is...	THEN use...
Most recent year’s (2023) W-2 form	On or before January 31 (date by which employers must provide W-2s)	<ul style="list-style-type: none"> • 2023 year-end computer-generated paystub or written verification of employment displaying year-end earnings • 2022 W-2 form
Most recent year’s (2023) W-2 form	On or after February 1	<ul style="list-style-type: none"> • 2023 W-2 form

Self-Employed Borrower(s) and Salaried Borrower(s) where tax returns are required to validate income

Income documentation required	<p>Follow the AUS or applicable guidelines.</p> <p>Note: <i>The year and number of transcripts required may vary, based upon the AUS and/or underwriter’s tax return requirements. Provide business returns as required by the AUS or underwriter; however, business transcripts are not required unless the Underwriter determines additional confirmation of the business income documentation is needed.</i></p>
Transcript requirement	Tax transcripts are required for the corresponding tax returns provided.

Application date and documentation availability

IF the requirement is...	AND the initial application date is...	THEN use...
Most recent two years’ K-1 forms	On or before March 14 (date by which the business must provide the K-1)	<ul style="list-style-type: none"> ● 2023 K-1 if available ● 2022 K-1 ● 2021 K-1 (not required if 2023 K-1 is available)
Most recent two years’ K-1 forms	On or after March 15	<ul style="list-style-type: none"> ● 2023 K-1 ● 2022 K-1

Most recent two years’ (2023 and 2022) personal or business returns	<p>Use the tables below to determine which year(s) returns and transcripts are required based on a loan’s following characteristics:</p> <ul style="list-style-type: none"> ● Initial application date (as reflected by the disclosure mode date in Octane) ● Note date (as printed on page 1 of the note) <ul style="list-style-type: none"> ○ For example, using personal tax returns, if the initial application is March 15, 2024, we will underwrite the loan using the October 16, 2023-April 17, 2024 note date requirements below. ○ However, if the loan closes on or after April 18, 2024, the borrower will be required to provide any additional documentation required in the April 18, 2024-October 15, 2024 note date requirements below.
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Tax Returns | Initial Application Disclosure Mode Date and Note Date

Note Date	Documentation Required
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<p>Prior to the file due date</p>	<ul style="list-style-type: none"> ● 2021 and 2022 tax returns, and ● 2021 and 2022 tax transcripts <p>Use of a tax extension for a 2022 return is not permitted. Note: If the borrower provides evidence that they have filed their 2023 returns, refer to section 2023 Tax Transcript Not Available</p>
<p>Between the original due date and extension due date as determined by the return type</p>	<p>Determine whether the borrower has filed a 2023 return: IF the borrower has... THEN obtain...</p> <ul style="list-style-type: none"> ● Two years required per AUS <ul style="list-style-type: none"> ○ 2022 and 2023 tax returns, and ○ 2022 and 2023 tax transcripts ● One year required per AUS <ul style="list-style-type: none"> ○ 2023 tax returns, and ○ 2023 tax transcripts <p>IF the borrower has not... THEN obtain...</p> <ul style="list-style-type: none"> ● Two years required per AUS <ul style="list-style-type: none"> ○ 2021 and 2022 tax returns, and ○ 2022 and 2022 tax transcripts, and ○ Copy of Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (IRS Form 4868)¹, and <ul style="list-style-type: none"> ■ Note: The underwriter must review the total tax liability reported on IRS Form 4868 and compare it with the borrower's tax liability from the previous two years as a measure of income source stability and continuance. An estimated tax liability that is inconsistent with previous years may cause the underwriter to require the current returns in order to proceed. ○ Proof of payment for the 2023 tax liability along with proof of funds or proof that a payment plan is in place², and ○ No record found for 2022 transcripts ● One year required per AUS <ul style="list-style-type: none"> ○ 2022 tax returns, and ○ 2022 tax transcripts, and ○ Copy of Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (IRS Form 4868)¹, and <ul style="list-style-type: none"> ■ Note: The underwriter must review the total tax liability reported on IRS Form 4868 and compare it with the borrower's tax liability from the previous two years as a measure of income source stability and continuance. An estimated tax liability that is inconsistent with previous years may cause the underwriter to require the current returns in order to

	<p style="text-align: center;">proceed.</p> <ul style="list-style-type: none"> ○ Proof of payment for the 2023 tax liability along with proof of funds or proof that a payment plan is in place², and ○ No record found for 2023 transcripts
<p>¹ Conventional loans utilizing FNMA/DU:</p> <ul style="list-style-type: none"> ● Fannie Mae will permit alternative documentation for IRS Form 4868 as evidence the borrower has filed an extension for the prior year's tax returns: <ul style="list-style-type: none"> ○ Provide proof of e-filing of IRS Form 4868, or ○ Provide payment confirmation (including the confirmation number) of all or part of the estimated income taxes due to support that the borrower has filed an extension. <ul style="list-style-type: none"> ■ The IRS will permit an extension by electronically paying all or part of the estimated income tax due and indicating the payment is for an extension. For additional details, refer to https://www.irs.gov/forms-pubs/extension-of-time-to-file-your-tax-return ● Additionally, in cases where it is required to obtain a response from the IRS based on the filing of IRS Form 4506-C, borrower-provided evidence directly from the IRS website supporting that no transcripts are available for the applicable tax year is acceptable. <p>²If outstanding balance is less than \$50,000 and an approved agreement is not available, the borrower will likely be eligible for an automatic approval through the IRS and the underwriting team member will be permitted to account for a monthly liability payment for the non delinquent tax debt equal to the balance divided by 72 months</p> <p>²If outstanding balance is greater than \$50,000 or the loan team is unwilling to accept the proposed payment equal to the balance over 72 months , the approved tax debt installment payment agreement is required</p>	
<p>After the extension due date</p>	<ul style="list-style-type: none"> ● Two years required per AUS <ul style="list-style-type: none"> ○ 2022 and 2023 tax returns, and ○ 2022 and 2023 tax transcripts ● One year required per AUS <ul style="list-style-type: none"> ○ 2023 tax returns, and ○ 2023 tax transcripts <p>Use of a tax extension for a 2023 return is not permitted.</p> <p>If the borrower's business uses a fiscal year (a year ending on the last day of any month except December), use the adjusted dates to determine what year(s) of business tax returns are required in relation to the initial application date and note date of the new mortgage loan.</p> <p>There must be sufficient information available on the business to enable the underwriter to make the loan decision.</p>

FHA Transactions			
Last AUS Submission prior to Note Date (or Date of 92900 LT for FHA Streamline)	Current Year Tax Filing Status	Tax Return Requirements	Tax Transcript Requirements
January 1, 2024 - December 31, 2024	2023 taxes filed	<ul style="list-style-type: none"> Per AUS, or FHA guidelines for manually underwritten loans 	<ul style="list-style-type: none"> Provide tax transcripts for corresponding tax returns. If not available, comply with the 2023 Tax Transcript Not Available guidelines.
January 1, 2024 - April 14, 2024	2023 taxes not filed	<ul style="list-style-type: none"> Per AUS, or FHA guidelines for manually underwritten loans, or Profit and Loss Statement if the 2023 returns have not been filed in accordance with HUD policy, which requires profit and loss if a fiscal period has passed since returns were filed 	<ul style="list-style-type: none"> Provide tax transcripts for corresponding tax returns. Comply with 2023 Tax Transcript Not Available guidelines.
April 15, 2024 - October 15, 2024	2023 taxes not filed	<ul style="list-style-type: none"> Per AUS, or P&L and Balance Sheet (calendar or fiscal year end) if self-employed, no exceptions <p>Additionally, if the income used to qualify exceeds the two-year average, P&L must be audited.</p>	<ul style="list-style-type: none"> Provide tax transcripts for corresponding tax returns. Comply with 2023 Tax Transcript Not Available guidelines.
On or after October 15, 2024	Not eligible without 2023 IRS-filed tax return being verified in one of the following ways:		

	<ul style="list-style-type: none"> Officially stamped by the IRS as received, or Evidence that the return was electronically received, or Evidence of a refund check or payment made <p>Note: The October 15 limitation on tax extensions does not automatically extend to business tax returns. If the borrower’s business uses a fiscal year (a year ending on the last day of any month except December), use the adjusted dates to determine what year(s) of business tax returns are required in relation to the initial application date and note date of the new mortgage loan.</p> <p>There must be sufficient information available on the business to enable the underwriter to make the loan decision.</p>		
<u>VA Transactions</u>			
Last AUS Submission prior to Note Date (or VA Form 26-0286, VA Loan Summary Sheet)	Current Year Tax Filing Status	Tax Return Requirements	Tax Transcript Requirements
January 1, 2024 - December 31, 2024	2023 taxes filed	<ul style="list-style-type: none"> Per AUS, or VA guidelines for manually underwritten loans 	<ul style="list-style-type: none"> Provide tax transcripts for corresponding tax returns. Comply with 2023 Tax Transcript Not Available guidelines.
January 1, 2024 - October 15, 2024	2023 taxes not filed	<ul style="list-style-type: none"> Per AUS, or P&L and Balance Sheet (calendar or fiscal year end) if self-employed, no exceptions 	<ul style="list-style-type: none"> Provide tax transcripts for corresponding tax returns. Comply with 2023 Tax Transcript Not Available guidelines.
On or after October 16, 2024	Not eligible without 2023 IRS-filed tax return being verified in one of the following ways: <ul style="list-style-type: none"> Officially stamped by the IRS as received, or Evidence that the return was electronically received, or Evidence of a refund check or payment made 		

	<p>Note: The October 15 limitation on tax extensions does not automatically extend to business tax returns. If the borrower’s business uses a fiscal year (a year ending on the last day of any month except December), use the adjusted dates to determine what year(s) of business tax returns are required in relation to the initial application date and note date of the new mortgage loan.</p> <p>There must be sufficient information available on the business to enable the underwriter to make the loan decision.</p>
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Jumbo Transactions

Follow specific product guidelines for requirements for tax return documentation.

Federal Tax Return Due Dates

Return Type	Original File Date	Extended File Date
Personal Tax Returns (Form 1040)	April 15	October 15
Partnership (Form 1065) S Corp (Form 1120S)	15th day of the third month after the end of the entity’s tax year; due March 15 for a calendar-year entity	Automatic extension period of six months; due September 15 for a calendar-year entity.
C Corp (Form 1120)	<ul style="list-style-type: none"> 15th day of the fourth month after the end of the entity’s tax year (except for a June 30 fiscal-year entity); due April 15 for a calendar-year entity 15th day of the third month after the end of the entity’s tax year for a June 30 fiscal-year entity; due September 15 	Automatic extension period of six months; due October 15 for a calendar-year entity. C corporations with tax years ending June 30 are eligible for an automatic extension period of seven months (six-month extension if filing Form 1120-POL).

2023 Tax Transcript Not Available

If the 2023 tax transcript is not available for a self-employed borrower who has filed taxes, refer to the table below to determine transcript eligibility requirements.

IF the borrower	AND Note date is...	THEN provide...
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has...		
<p>Filed 2023 tax return, but 2023 transcripts are not yet available</p>	<p>Before or after the tax filing cut-off date of October 15, 2024</p>	<p>2023 tax transcript results showing “No Record Found” and the following documentation:</p> <p>Two Years Required per AUS or Product Guidelines</p> <ul style="list-style-type: none"> ● 2023 filed tax return verified in one of the following ways: <ul style="list-style-type: none"> ○ Officially stamped by the IRS as received, or ○ Evidence that the return was electronically received by the IRS, or ○ Evidence of filing their tax returns using a third-party service such as Turbo Tax, Credit Karma, or other providers, or ○ If tax returns were filed by a licensed CPA, it is acceptable to obtain a letter, along with copies of the tax returns directly from the CPA, confirming returns have been filed with the IRS, and ○ Evidence of a full tax obligation payment made including the source of funds, or ○ IRS refund status result, which is obtained by navigating to irs.gov, indicating “Get your Refund Status” (see instructions below) ● And 2022 tax return and tax transcript <p>The underwriter must apply appropriate due diligence to determine if the borrower’s income is acceptable for the transaction:</p> <ul style="list-style-type: none"> ● If the earning trend is stable or increasing, then the underwriter may average the income from the 2022 and 2023 tax returns for a 24-month average. ● If the level of income for 2023 appears out of the ordinary, additional documentation or explanations may be necessary in order to average the income. <p>One Year Required per AUS or Product Guidelines</p> <ul style="list-style-type: none"> ● 2023 filed tax return verified in one of the following ways: <ul style="list-style-type: none"> ○ Officially stamped by the IRS as received, or ○ Evidence that the return was electronically received by the IRS, or ○ Evidence of filing their tax returns using a third-party service such as Turbo Tax, Credit Karma, or other providers, or

		<ul style="list-style-type: none"> ○ If tax returns were filed by a licensed CPA, it is acceptable to obtain a letter, along with copies of the tax returns directly from the CPA, confirming returns have been filed with the IRS, and ○ Evidence of a full tax obligation payment made including the source of funds, or ○ IRS refund status result, which is obtained by navigating to irs.gov, indicating “Get your Refund Status” (see instructions below). <p>Underwriters may utilize the income from the 2023 tax return for the 12-month average.</p> <p>If unable to evidence 2023 tax filing by one of the methods above, the following documentation and income calculation will be used:</p> <ul style="list-style-type: none"> ● 2023 filed tax return, and ● 2022 tax return and tax transcript, and ● 2021 tax return and tax transcript <p>If two years are required per AUS or product guidelines, use 2022 and 2021 for a 24-month average.</p> <p>If one year is required per AUS or product guidelines, use 2022 for the 12-month average.</p>
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Transcript Exception | Request for Transcripts Received Prior to Funding

Any exceptions to tax transcripts that are unavailable or unavailable at the time of loan approval must be remitted for review and approved as outlined within the [Credit Exceptions & Underwriting Scenario Policy](#).

- There is evidence of current order status.
- There is evidence of payment in full if a tax obligation existed along with the source of acceptable funds.

Transcripts Not Available Due to “Limitations” Message from the IRS - Code 10

In some circumstances, the IRS may reject the request for transcripts and reflect “Limitations” as the reject code. The documentation listed below is required when unable to obtain tax transcripts due to receipt of a “Limitations” notification message from the IRS.

IF tax returns are...	THEN provide...
<p>Required for the transaction per AUS or credit guidelines to qualify the borrower (e.g., self-employed income, rental income, etc.)</p>	<ul style="list-style-type: none"> ● Copy of “Limitations” message received by vendor from the IRS ● Supporting documentation in file, which must be consistent with earnings and the loan request, and no additional risk factors are present¹ ● Signed 4506-C form for years required ● Proof of refund or payment for the most recent year’s 1040s <ul style="list-style-type: none"> ○ Officially stamped by the IRS as received, or ○ Evidence that the return was electronically received, and ○ Evidence of a refund check from the IRS or evidence of payment due in full made to the IRS <ul style="list-style-type: none"> ■ Proof of refund or payment can include a bank statement or canceled check evidencing payment made or refund received from the IRS, which matches the amount reflected on the most recent tax returns provided. ● Proof of extension if the borrower filed an extension <ul style="list-style-type: none"> ○ See Federal Tax Return Due Dates section for extension requirements ● Prior years validated returns may be required; follow individual program requirements

¹ Supporting documentation may include bank statements reflecting direct deposits, full Verification of Employment, or any other documentation deemed supportive based upon the specific situation and income source.

Amended Tax Return Filing	
<p>In some circumstances, the borrower or their tax preparer may become aware of an error, correction, or modification required to a previous year’s tax filing.</p>	
<p>IF the tax returns and tax transcripts reflect a discrepancy because the borrower has filed an amended return and the loan qualifies on the...</p>	<p>THEN ...</p>
<p>Lowest net income (original or amended return)</p>	<ul style="list-style-type: none"> ● Provide a letter of explanation from the borrower and/or accountant explaining the reason for the new filing. ● The loan will be qualified at the lowest reported income and the loan is not qualified using the higher income (original or amended return). ● Provide a copy of the amended tax return, as applicable, and

	<ul style="list-style-type: none"> ● 20221 Filed amended tax return verified in one of the following ways: <ul style="list-style-type: none"> ○ Officially stamped by the IRS as received, or ○ Evidence that the return was electronically received by the IRS, or ○ Evidence of filing their tax returns using a third-party service such as Turbo Tax, Credit Karma, or other providers, or ○ 1040X Tax Transcript. ○ If tax returns were filed by a licensed CPA, it is acceptable to obtain a letter, along with copies of the tax returns directly from the CPA, confirming returns have been filed with the IRS and Tax transcript for the amended tax return, and ○ Evidence of a refund check or payment made. ● In no circumstances will an amended return be allowed as income documentation without the corresponding tax transcript matching the amended return. ● Evidence of a full tax obligation payment made including the source of funds, or IRS refund status result, which is obtained by navigating to irs.gov, indicating “Get your Refund Status” (see instructions below)
<p>Highest net income (original or amended return)</p>	<ul style="list-style-type: none"> ● Provide a letter of explanation from the borrower and/or accountant explaining the reason for the new filing. <ul style="list-style-type: none"> ○ Additional documentation may be required to support the explanation for the amended tax filing ● To use the higher/amended income, evidence must be provided that the amended return was filed six months prior to the application date (Disclosure Mode Date). ● If the amended return was not filed six months prior to the application date (Disclosure Mode Date), the lower income from the original or amended return will be used. ● Copy of amended tax return, as applicable, and ● Filed amended tax return verified in one of the following ways: <ul style="list-style-type: none"> ○ Officially stamped by the IRS as received, or ○ Evidence that the return was electronically received by the IRS, or ○ Evidence of filing their tax returns using a third-party service such as Turbo Tax, Credit Karma, or other providers, or ○ 1040X Tax Transcript. ○ If tax returns were filed by a licensed CPA, it is

	<p style="text-align: center;">acceptable to obtain a letter, along with copies of the tax returns directly from the CPA, confirming returns have been filed with the IRS and</p> <ul style="list-style-type: none"> ● Tax transcript or proof of tax filing status for the amended tax return, and ● Evidence of a full tax obligation payment made including the source of funds, or IRS refund status result, which is obtained by navigating to irs.gov, indicating “Get your Refund Status” (see instructions below) ● Evidence of a refund check or payment made. ● In no circumstances will an amended return be allowed as income documentation without the corresponding tax transcript matching the amended return. <p><i>Exceptions to this policy require Loan Review approval by a Credit Manager.</i></p>
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Borrower Not Required to File

In some instances, a borrower was not required to file a tax return for the prior year. Acceptable examples may include:

- A newly employed borrower who was a full-time student the most recent tax year. School transcripts are required for documentation.
- A borrower whose income level was below the minimum reporting standards as required by the IRS. Examples include borrowers who receive disability, Social Security, or pension income and indicate that they are not required to file tax returns.
 - Active duty military that meet all the requirements to be granted an extension by the IRS in accordance with IRS Publication 3 - Armed Forces' Tax Guide.

If a borrower meets any of the instances above, the file must be satisfactorily documented to:

- Support the income used for qualifying, **and**
- Comply with any documentation requirements of the AUS, **and**
- Document the reason a tax transcript is not available; **and**
- Include a tax transcript indicating “No Record Found” or an IRS Verification of Non-Filing form
- If tax transcripts are ordered and come back as a “Code 10 Rejection,” proof of filing and proof of refund or payment are required.

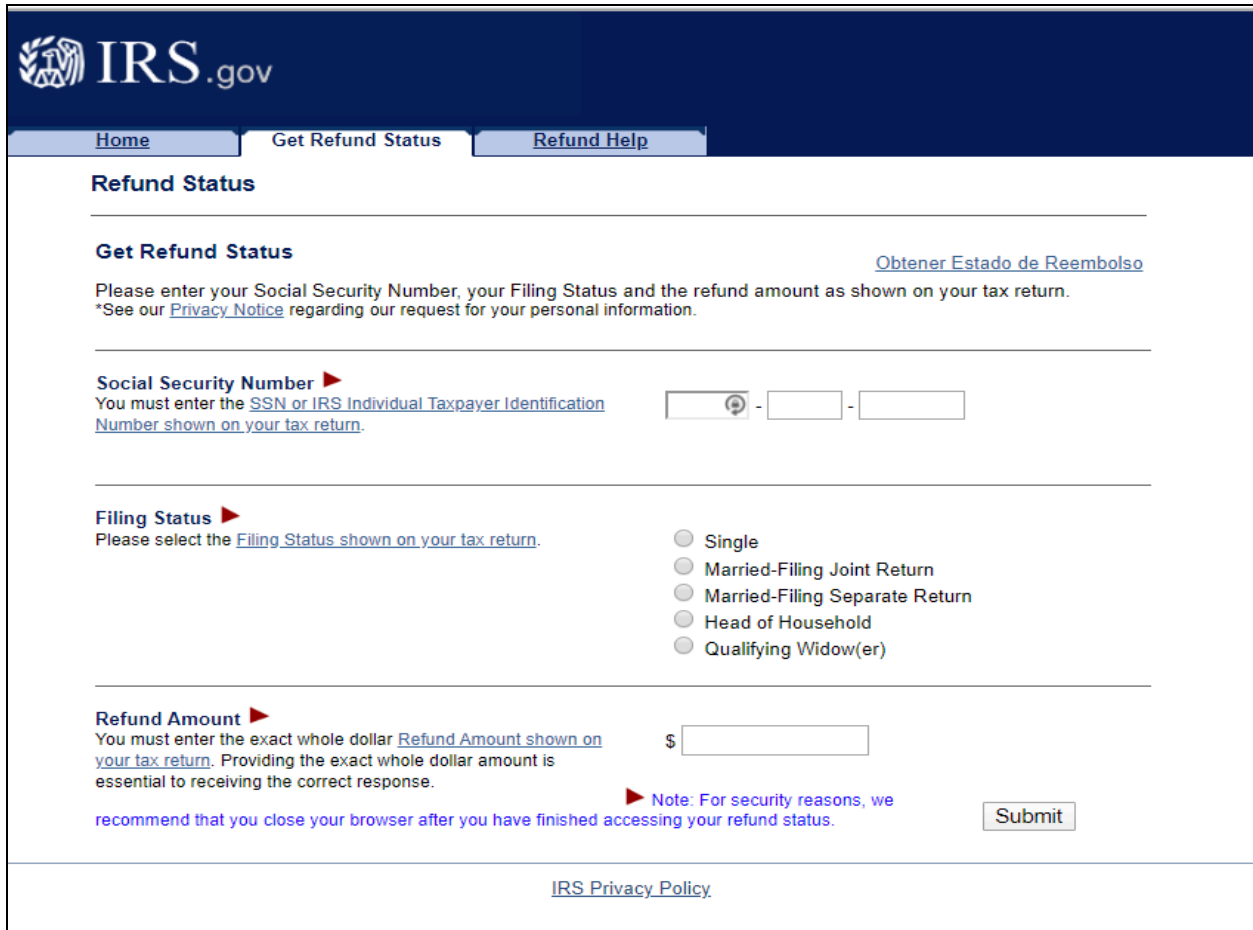
Evidence of Tax Liability Payment

When tax transcripts **ARE** provided for the current year, or a Tax Extension is filed and they reflect federal taxes due, and evidence of tax payment is not noted on the transcripts (i.e. transcript is not a Record of Account), one of the following must be provided:

- Documentation supporting sufficient assets to clear the tax liability payment, **or**
- Documentation supporting the payment has been made, **or**
- Evidence the borrower has established an approved tax payment plan with the IRS (according to program requirements)

“Get Your Refund Status” Instructions

- Input Social Security number, filing status, and refund amount (identified from the tax return).
- This results in an online status available for print, which outlines that in fact the tax filing was received and this is acceptable for documenting tax filing status. The resulting image is captured below.



Refund Status

Get Refund Status [Obtener Estado de Reembolso](#)

Please enter your Social Security Number, your Filing Status and the refund amount as shown on your tax return.
 *See our [Privacy Notice](#) regarding our request for your personal information.

Social Security Number ▶
 You must enter the [SSN or IRS Individual Taxpayer Identification Number shown on your tax return.](#) - -

Filing Status ▶
 Please select the [Filing Status shown on your tax return.](#)

- Single
- Married-Filing Joint Return
- Married-Filing Separate Return
- Head of Household
- Qualifying Widow(er)

Refund Amount ▶
 You must enter the exact whole dollar [Refund Amount shown on your tax return.](#) Providing the exact whole dollar amount is essential to receiving the correct response. \$

▶ **Note:** For security reasons, we recommend that you close your browser after you have finished accessing your refund status.

[IRS Privacy Policy](#)

Purchase Contract

Refer to individual program guidelines for product-specific requirements.

Amendments

If the contract is amended *after* the effective date of the appraisal in a way that does not affect the description of the property (i.e. zoning changes, or discovery of additional acreage or ADU), an amended contract is not required to be provided to the appraiser.

Examples of amendments that do not require the provision of an amended contract to the appraiser, nor revisions to the already-completed appraisal report include:

- Sale price,

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- Transaction terms,
 - Financing concessions,
 - Seller-paid closing costs,
 - Names or initials,
 - Closing date, or
 - Correction of minor clerical errors such as misspellings

Assignments of Contracts

Assignment of a purchase contract is not permitted.

Cardinal must be able to confirm and document that the seller is the current owner of the subject property at the time the purchase contract was executed. When a third party is profiting from the sale of the property, the third party is then considered the 'seller', making the transaction ineligible.

Authorized Signer

Cardinal must be able to verify that the authorized signatory (or listing of authorized signatories) on the purchase contract and related documents is a legal representative of the builder, contractor, or property seller.

Acceptable documentation types supporting authority may include:

- Seller is a Statutory Trust:
 - Page(s) of the trust agreement identifying trustee, signed Certificate of Trust, or attorney opinion letter outlining the trust details
- Seller is a Corporation, LLC or Partnership:
 - Bylaws, board resolutions, operating agreements, Articles of Incorporation, written corporate consent document, certificate of authority, or other written agreement(s) outlining the list of parties legally authorized to sign on behalf of the company

Changes to Financing Type

If the purchase contract reflects the financing type as Government and the financing type of our loan is Conventional, an addendum correcting the financing to match does not need to be obtained.

Escrow Agreements

The following dry states permit the use of an Escrow Agreement in lieu of an executed Purchase Contract:

- Arizona
- California
- Hawaii
- Idaho
- Nevada
- New Mexico
- Oregon
- Washington

Expired Contract

If our transaction settlement date extends beyond the Close of Escrow date noted on the contract, an addendum extending the purchase contract may be required. Confirmation from the settlement agent will be required to determine if an addendum will be required.

Personal Property

Whether an item is real or personal property is generally determined by the law and customs of the jurisdiction where the property is located. The appraiser should note if items transferred are customary for the transaction.

The following steps should be taken when personal property is transferred with the sale of the property:

- An addendum listing the property and showing no value given should be obtained, or
- Items should be conveyed with a separate bill of sale at closing
- Verify the items have not been given value by the appraiser, and
- Proceeds from our transaction may not be used to purchase the personal property

Acceptable Personal Property

In general, items that are attached to the property or customarily transfer with the purchase of a property may be included in the purchase contract. Examples of such items include:

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- Kitchen appliances
 - Washers and Dryers
 - Window coverings - blinds, shutters, curtain rods, curtains
 - Pool Table
 - Above-ground pool
 - Any other personal property items left for convenience (i.e., pool cleaning equipment or covers, lawnmowers, swing set, hot tub, flat-screen TV, bookshelf, generator, shed, picnic tables, and/or patio sets)

Furniture outside of what is listed above may be acceptable, but will require additional analysis:

- It is not acceptable for the Appraiser to state “common for the area” on fully furnished units without adjusting for the personal property *unless* comparable sales of unfurnished units are provided that support the conclusion that the furnishings have no effect on the value.
- The Appraiser should:
 - Use comparable sales that sold without furnishings when possible, and
 - Comment when a comparable sale has furniture personal property, and
 - Make negative adjustments to each comparable sale for the value of the item(s) when comparable sales that are sold without furniture are unavailable (common in resort areas).
- The Underwriter should:
 - Assure that the purchase contract shows no value attributed to the furniture, and
 - Ensure that the appraiser supported the value conclusion with comparable sales that did not include similar furnishings.
 - If the appraiser is unable to provide comparable sales that are sold as unfurnished, please escalate the loan for UW Manager or Credit Committee review.

Unacceptable Personal Property

Items that are not attached to the property and items that have a relatively high value may not be included in the purchase price of the property. Examples of such items include:

- Vehicles - cars, golf carts

- Art Work
- Boats
- Floating docks (attached structures are acceptable)

The estimated value of any unacceptable personal property items must be deducted from the sales price, or removed from the purchase contract.

Repairs Noted on Purchase Contract

If it is agreed upon between the seller and the borrower that repairs noted within the purchase contract (and not required per the appraisal) will be made, the borrower must provide a signed, written acknowledgment stating the repairs have been completed to their satisfaction. The acknowledgment must be signed prior to closing.

Required Inspections

If an inspection is noted in the purchase contract, a copy of the report need only be provided when also noted in the appraisal, or as mandated by State or County requirements. At the Underwriter’s discretion, a copy of the inspection(s) may also be requested.

Appraisal Conversion Guidance

In certain circumstances, an existing appraisal may be converted for use from one transaction type to another, i.e. when the loan type changes from FHA to Conventional. Below are the permissible scenarios for a conversion request:

Conversion Request	Permissions
Conventional to FHA or USDA	If the original appraiser is not an FHA roster appraiser, a new report is required. If the original appraiser is an FHA roster appraiser, the existing report may be converted. The report will need to be updated in accordance with FHA appraisal requirements and must reflect the applicable FHA Case Number. Note: USDA loans will not require a Case Number
Conventional to VA	Conversion is not permitted and a new appraisal report will need to be provided
FHA to Conventional	Eligible without any updates to the original appraisal

	report
FHA to VA	Conversion is not permitted and a new appraisal report will need to be provided
FHA to USDA	Eligible without any updates to the original appraisal report
VA to any loan type	Conversion is not permitted and a new appraisal report will need to be provided
USDA to Conventional	Eligible without any updates to the original appraisal report
USDA to FHA	Eligible; report will need to be updated with FHA Case Number
USDA to VA	Conversion is not permitted and a new appraisal report will need to be provided

Escrow Holdback Policy

Cardinal Financial (Cardinal) requires every effort be made to complete property repairs or improvements prior to loan closing. On an exception basis, Cardinal may allow the establishment of a repair escrow holdback for repairs or improvements that cannot be completed prior to loan closing. These repairs must be outlined in the appraisal report.

All escrow holdback requests must be approved through the Loan Review process. The review of the request takes into consideration the policy outlined below, the overall risk profile of the loan, the potential for additional repairs and the borrower's ability to safely occupy the home during the repair period.

There must be no adverse effect to marketability due to the incomplete items. The postponed improvements cannot affect the livability, health, safety, soundness, structural integrity of the property or prevent the issuance of a Certificate of Occupancy on new or proposed construction.

Escrow holdback accounts are not allowed for items unrelated to the physical structure of the home including but not limited to: future payment of property taxes, HOA dues, and/or supplemental taxes.

Eligible Property Types

- Newly constructed and existing properties
- 1-4 unit
- Detached PUDs
- Detached condominiums

- Manufactured housing

Ineligible Property Types / Transactions

- Non-conforming, Non-QM or Jumbo transactions
- Texas Section 50(a)(6) or Section (a)(4) transactions
- Community Lending Programs
- Attached condominiums

Minimum Escrow Holdback

Generally the minimum escrow holdback amount is \$500. Any exceptions will be reviewed by the Credit Committee.

Allowable Escrow Holdback Amount

Conventional

- New Construction
 - The completion escrow must equal at least 120% of the estimated cost of completing the improvements.
 - However, if the contractor or builder offers a guaranteed fixed-price contract for the completion of the improvements, the funds held only need to equal the full amount of the contract price.
- Existing Construction
 - The cost of completion improvements must not represent more than 10% of the “as completed” appraised value of the property.
 - Cardinal will hold and manage 1.5 times (150%) of the greater of the two bids/estimates in the escrow holdback account.

FHA

- Cardinal will hold and manage 1.5 times (150%) of the greater of the two bids/estimates in the escrow holdback account.
- The cost for any Borrower provided labor may not be included in the repair amount.
- There is no maximum dollar amount for the escrow holdback.

FHA Section 203(b) with Repair Escrow

- This type of escrow holdback is applicable on HUD REO properties.

- If the HUD REO property does not meet HUD's minimum property requirements (MPR) in its as-is condition, but repairs of no more than \$10,000 are noted to bring the property to MPR, the purchase contract will note this allowance.
- The maximum escrow amount must be based on the sum of the repairs required to meet the intent of HUD's MPR, plus a 10 percent contingency. The total escrow amount, including the 10% contingency, must not exceed \$11,000.
- The Mortgagee must execute form HUD-92300, Mortgagee's Assurance of Completion, to indicate that the repair escrow has been established.
- The Mortgagee must certify on form HUD-92051, Compliance Inspection Report, that the incomplete construction, alterations and repairs have been satisfactorily completed.
- The Mortgagee must complete the Escrow Closeout Certification screen in FHA Connection within 30 days after the escrow account is closed.

VA

- Cardinal will hold and manage 1.5 times (150%) of the greater of the two bids/estimates in the escrow holdback account.

USDA

Repair escrows, post issuance of the Loan Note Guarantee are acceptable provided the home is habitable, as determined by the lender. All items of new construction or repairs must be 100 percent (100%) complete in accordance with plans and specifications except for minor items not affecting the livability of the structure or that cannot be completed due to weather conditions.

Lenders may utilize Attachment 12-E, Repair Escrow and Rehabilitation & Repair with Purchase Comparison available in Chapter 12 of the [Handbook 3555.1](#) when determining how repairs or rehabilitation may be financed. Repair items will be required to be completed within 180 days of loan closing. This period may be extended, at the discretion of the Agency, for homes that need exterior repairs but are in an area experiencing inclement weather conditions. The maximum exterior repair escrow period when an extension is granted is limited to 240 days. Extensions may be granted beyond 180 days for exterior escrows only.

The Agency may issue a Loan Note Guarantee prior to the completion of interior or exterior repairs provided all of the following conditions are met:

- The incomplete work does not affect the livability of the dwelling, nor the health or safety of the occupants;
- A signed contract between the borrower and the contractor is in effect for the proposed work;

- The funds to be escrowed are not less than 100 percent of the repair cost contract. The loan underwriter may determine the escrow amount, which could exceed the repair cost;
- The Closing Disclosure reflects the holdback;
- The development will be complete within 180 days of closing, unless an extension is granted by the Agency for inclement weather conditions;
- The escrow account is established in a federally supervised financial institution; and
- An inspection report certifying the defect/repair has been properly repaired. Certification of completion is required to verify the work was completed and must:
 - Be completed by the appraiser;
 - State that the improvements were completed in accordance with the requirements and conditions in the original appraisal report;
 - Be accompanied by photographs of the completed improvements; and
 - The individual performing the final inspection of the property must sign the completion report

The lender is responsible for monitoring the completion of the work and the release of funds to pay for the work. All documentation supporting the development and confirmation of the completion will be retained in the lender's permanent loan file and is subject to the certification of Form RD 3555-18/18E. Funds that remain in the escrow account, after the completion of all required repairs, must be utilized for an eligible loan purpose or applied to the principal balance of the permanent loan. Personal funds of the applicant utilized to fund the repair escrow (excluding loan funds or a seller concession) may be returned to the applicant. A seller's personal funds utilized to fund the repair escrow (excluding a seller concession as part of the sales contract) may be returned to the seller.

~~.The incomplete work does not affect the livability of the dwelling, nor the health or safety of the occupants; ¶¶~~

- ~~● A signed contract between the borrower and the contractor is in effect for the proposed work; ¶¶~~
- ~~● The funds to be escrowed are not less than 100 percent of the repair cost contract. The Credit Manager may determine the escrow amount, which could exceed the repair cost; ¶¶~~
- ~~● The estimated cost to complete the work is not greater than 10 percent of the total loan amount; ¶¶~~
- ~~● The repairs will be complete within 90 days of closing, unless an extension is granted by the Agency for inclement weather conditions; and ¶¶~~
- ~~● The escrow account is established in a federally supervised financial institution.~~

Exception - Builder Bonds

Escrow holdbacks are allowed for repairs required by the appraiser but are postponed due to inclement weather for new construction in which the builder has a bond with the city/county/municipality for the incomplete items.

- Available on FHA, VA and Conventional loan programs
- A copy of the bond that clearly identifies the terms and items to be completed must be provided to assure the items are those identified by the appraiser
- The repairs must be completed within 90 days of the Note date of our loan, or the term identified in the bond documentation
- An escrow holdback will be held by Cardinal for \$1
- The escrow holdback agreement will be executed by the borrower and the builder

Repairs and Improvements

Estimates for Work

Cardinal requires that at least two written estimates (bids) be provided. The estimates must contain a full itemization of the repair item(s) to be completed, a proposed completion date and must contain a copy of the contractor's license and proof of liability insurance (as permitted by property State). If the contractor is not required to be licensed (as permitted by property State), documentation supporting the existence of the contractor's business or qualifications must be provided, i.e., copy of an online business website.

Exceptions

- In some instances, one bid may be acceptable if repairs are minor in nature
- Bids may be provided by persons other than contractors, such as the appraiser, providing a cost estimate or estimates from home improvement stores if they will be furnishing the materials and completing the work.

Unacceptable Repairs and/or Improvements

Unacceptable repairs/improvements include but are not limited to the following:

- Health, safety, and/or soundness issues
- Structural repair(s) or foundation work, including cracks or settlement in the foundation or water seepage
- Any items that prevent issuing a Certificate of Occupancy

Required Documentation

Once the request for an escrow holdback has been approved, the following supporting documentation must remain in the file:

- Licensed contractor to provide estimated date of repair completion
 - This can be included in the estimate of work, and does not need to be a separate document
- Repairs must be completed within 90 days of closing
 - On a case-by-case basis, up to 180 days will be allowed
- Copy of the contractor's license and proof of liability insurance (as permitted by property State)
 - If the contractor is not required to be licensed (as permitted by property State), documentation supporting the existence of the contractor's business or qualifications must be provided, i.e., copy of an online business website.
- Estimated repair amounts may not exceed allowable escrow holdback amount
- Fully executed Escrow Holdback Agreement
- A 1004D fee is required. Transaction Coordinator to ensure the charge is disclosed and payment collected at closing.
- Upon successful completion of the repairs, a 1004D must be provided.
- Funds held in escrow will be dispersed to the contractor(s) who completed the repairs.
- Any excess funds are returned to the borrower or the party who funded the escrow holdback account.

Appraisal Requirements

- The appraisal must show the property "subject to improvements and/or repairs" that do not affect the safety, soundness, or structural integrity of the property
- The appraisal must include the list of the incomplete items(s) and may provide an estimated cost to cure
- FHA loans - The property must meet FHA minimum property standards (MPS)
- VA loans - The property must meet VA minimum property requirements (MPR)
 - Notice of Value (NOV) item #10 must include the required repairs

Completion Terms

Repairs must be completed within the following timeframes:

- 90 calendar days of loan closing
- Approval for 180 calendar days may be considered by the Credit Committee in areas of extreme weather between the months of November and April, as applicable
 - Explanation must be provided to support a valid reason for the exception

Failure to Complete Required Repairs

- Loans with incomplete repairs outside of the allotted time frames will be escalated to the Credit Risk Management or VP Post Funding to review for possible remedies
 - If the repairs have not been completed within the required timeframe, Cardinal may order the completion of the repairs regardless of adequacy of funds reserved in escrow

Terms and Conditions of the Escrow Holdback Agreement

All parties to the transaction must sign the Escrow Holdback Agreement, including seller(s), borrower(s) and closing agent. The Agreement references:

- The responsible party and who will pay for the required repairs
- The seller/borrower depositing the escrow holdback required amount plus the final inspection/1004D fee
 - If there is already a 1004D received and charged but the property is still incomplete, assure a second 1004D fee is added to the Charges & Credits screen
- Identification of the institution (Cardinal or Escrow Agent) who will be holding the funds
- Itemized list of repairs to be completed
- Proposed completion date of repairs
- Statement indicating the work will be subject to final inspection
- Notification that funds will be released with Cardinal's written authorization
- Notification of process if repairs are not completed
 - Cardinal will order completion of the repairs by a qualified contractor and obtain a final inspection
- For VA loans, the VA Escrow Holdback Agreement for Postponed Exterior On-Site Improvements (VA Form 26-1849) is required
- The agreement must be signed and returned with the final signed closing documents

Procedures for Submitting Escrow Holdback Request

The Loan Review process in Octane is used for submission of the Escrow Holdback request.

- Provide the two (2) bids/estimates for the postponed improvement or repair inside of the Octane Smart Doc
- Provide the statement from the contractor noting the estimated time of completions (may be reflected on the estimate)
 - For new construction, the builder may provide the estimate

Closing

- The Credit Committee is uploading the Escrow Holdback Agreement to the Closing Supplemental documents folder
- All parties to the transaction must sign the Escrow Holdback Agreement, including the seller(s), borrower(s), and closing agent
 - New construction properties require the builder and borrower to execute the Escrow Holdback Agreement
- Closing will ensure that the proper escrow amount is properly disclosed on the CD
 - The final inspection fee must be collected and shown on the Closing Disclosure in Section B
 - The escrow holdback amount must be collected and shown on the Closing Disclosure in Section H

Final Inspection / 1004D

A final inspection must be performed by the original appraiser and include photos of work completed. If the original appraiser is unavailable, the 1004D must incorporate the original appraisal and state the improvement(s) were completed in accordance with the requirements and conditions in the original appraisal:

- All work must be completed in a professional workmanlike manner as reported by the appraiser on the following forms:
 - Conventional: Fannie Mae Form 1004D
 - FHA: Compliance Inspection Report HUD-92051
 - VA: Compliance Inspection Report 26-1839
- The final inspection must be received by Cardinal's Post Closing department within 72 hours of completion
- **Note:** A Certificate of Occupancy is not an acceptable alternative to the final inspection option above.

Post Closing and Release of Funds

- The mortgage loan originator (MLO) or the Wholesale Broker is required to ensure the work has been completed in the appropriate time frame
- Upon notification of completion, the final inspection will be ordered by the Transaction Assistant or Coordinator
- Required documentation for release of the escrow holdback to Post Funding via ticket on The HUB
 - Final invoice(s)
 - W-9 from contractor

- Final inspection / 1004D
- [Lien Release and Waiver](#)
- Upon approval of the release of funds by Post Funding management, the request for the release of the escrow funds from Cardinal Accounting or the title company will be made.
 - If the escrow holdback was funded by the borrower, any excess funds remaining in the escrow holdback account after the payment to the contractor will be disbursed and released back to the borrower.
 - Note: If the borrower completed the repairs and funded the escrow holdback account, all funds will be released to the borrower.
 - If the escrow holdback was funded by the seller, any excess funds remaining in the escrow holdback account after the payment to the contractor will be disbursed and released to the seller.
- For FHA loans, Cardinal must complete HUD Form 92300, Mortgagee's Assurance of Completion and the Escrow Closeout Certification screen in FHA Connection (FHAC) within 30 days after the escrow account is closed.
- Post Funding will provide the lien release to title for recording

References

Reference List

[Vendor Management](#) | [Wholesale Lending](#) | [Credit Report Vendors](#)

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
4.5.24	Added guidance for USDA under Citizenship Requirements. Additional direction is provided with the retirement of USDA's SAVE application available through GUS. This update aligns with USDA and is effective 4.1.24 (date SAVE is no longer available in GUS)	Kristen Bellon
3.29.24	Updated the Tax Documentation Policy and applicable Tax Documentation sections with 2023 Tax Year requirements	Kristen Bellon
3.29.24	Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature Riptide color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix	Kristen Bellon
3.15.24	Added Pending Litigation section adding guidance for when the borrower is party to a lawsuit. This change is effective immediately	Kristen Bellon
3.15.24	Updated Employment Documentation Provided by a Third-Party Employment Verification Vendor section to clarify the 'current as of' date may be no older than 30 days as of the Note date for FHA transactions. This change is effective immediately	Kristen Bellon
2.6.24	Updated Tax Documentation Requirements Salaried Borrower(s) – Conventional, FHA, and VA Transactions section to reflect the 2023 tax year for W-2 statement requirements	Kristen Bellon
1.17.23	Added Employer's Contact Information section providing direction to source the employer's contact information used to complete the Verification of Employment	Kristen Bellon
1.08.24	Updated OFAC Sanctioned Countries list with additional countries	Kristen Bellon
11.17.23	Revised Citizenship Requirements section outlining documentation requirements for an R-1 Visa; added section for Community Lending stating to refer to the specific program guidelines for eligibility	Ellen Clayson
11.9.23	Removed chart under Self-Employment Required Documentation section and added direction to refer to the applicable snapshot or lending guide chapter	Kristen Bellon
8.28.23	Clarified that when the borrower has an APO, FPO or DPO military address, it does not need to be located within the U.S. to obtain a credit report compatible with Desktop Underwriter	Kristen Bellon
8.16.23	Updated Acceptable Third-Party Employment Verification Vendors section with current vendors	Kristen Bellon
7.25.23	Added Authorized Signer section	Kristen Bellon

6.9.23	Clarified that for Fannie Mae transactions, if the latest bank statement is more than 45 days earlier than the TRID application date, a more recent statement must be provided.	Ellen Clayson
5.25.23	Added clarification under Identity Verification that if federal law prohibits the unauthorized copying of the identification document, i.e. certain U.S. Government ID's , the document may not be used	Kristen Bellon
5.15.23	Added acceptable alternative documentation for Form 4868 for loans utilizing FNMA/DU	Kristen Bellon
5.2.23	Updated required citizenship documentation for refugee or asylee borrowers for conventional and FHA programs	Ellen Clayson
4.27.23	Updated Employment Authorization Requirements and provided clarification under Visa Type E and L	Kristen Bellon
3.17.23	Removed Military Photo ID as an acceptable form of identification due to the fact that this type of document cannot be copied	Ellen Clayson
3.6.23	Updated Tax Documentation Policy with 2022 tax year filing dates	Kristen Bellon
12.30.22	Updated Computer Generated Transaction History section to clarify acceptable documentation for internet provided asset statements	Kristen Bellon
10.14.22	Added Social Security Number section	Kristen Bellon
8.31.22	Clarified trended data requirements	Kristen Bellon
8.12.22	Added that C-10 EAD is ineligible under the Cardinal Jumbo AUS Prime program	Kristen Bellon
6.27.22	Added clarification for deposit of foreign assets when using for funds to close, closing costs or reserves	Kristen Bellon
6.7.22	Added additional clarification under Assignment of Contracts	Kristen Bellon
5.20.22	Added additional guidance for documentation under Allowage Age of Other Documents	Erica Price
5.20.22	Added additional guidance under Non Citizen Borrowers for USDA loans	Kristen Bellon
5.10.22	Added additional guidance under Tax Returns Initial Application Disclosure Mode Date and Note Date section for when the borrower is only required to file one year tax returns per AUS	Kristen Bellon
4.21.22	Clarified when borrower-provided tax transcripts are permissible	Ellen Clayson
4.18.22	Added additional guidance for Frozen Credit	Kristen Bellon
2.23.22	Clarified validity date of credit report for FHA loan programs	Ellen Clayson
2.14.22	Updated the Tax Documentation Policy and applicable Tax Documentation sections with 2022 Tax Year requirements	Kristen Bellon
1.15.22	Added Appraisal Conversion requirements	Kristen Bellon
1.6.22	Updated Tax Extension Deadlines due to Natural Disaster section to include additional states and updated tax filing dates	Kristen Bellon

12.14.21	Added Underwriting Policy Citizenship Requirements to Chapter, retiring existing Underwriting Policy Citizenship Requirements document	Kristen Bellon
12.14.21	Added Verification of Employment Policy to Chapter, retiring existing Verification of Employment Policy	Kristen Bellon
12.13.21	Immaterial changes. Corrected grammar and formatting to align with company standards.	—
12.6.21	Added Tax Documentation Policy to Chapter; retiring existing 2020 Tax Documentation Policy	Kristen Bellon
11.29.21	Clarified signature requirements for tax returns based on Agency guidance	Kristen Bellon
8.16.21	Updated Evidence of Mortgage Payment History section adding additional guidance for an automated verification credit supplement	Kristen Bellon
3.31.21	Added 60-day validity date for Business Bank Statements	Kristen Bellon
3.18.21	Added Identity Verification section which specifies the identity must be confirmed for each borrower whose credit is used for loan qualification, prior to the extension of credit	Kristen Bellon
3.16.21	Added Conflict of Interest section	Kristen Bellon
2.19.21	Added Evidence of Mortgage Payment History section	Kristen Bellon
2.12.21	Added Fair Credit Reporting Act section	Kristen Bellon
11.23.20	Added Waiver of Required Wait times section	Kristen Bellon
11.11.20	Updated Verification of Deposits and Assets section to clarify acceptable documentation requirements. Added Computer Generated Transaction History section. Added that Cardinal will permit truncated account numbers, or masked account numbers, that display at least the last four digits of the borrower's asset account on the loan application in DU, or on the asset documentation	Kristen Bellon
10.1.20	Added guidance for several topics under the Purchase Contract section	Ellen Clayson
9.2020	Added definition for Disputed Account(s) on credit	Ellen Clayson
7.2020	Added Electronic Record Standards section	Kristen Bellon
6.2020	Added list of documents required to be signed prior to closing	Kristen Bellon
6.2020	Added Purchase Contract section and clarified that an Escrow Agreement is acceptable in lieu of a Purchase Contract in certain states	Kristen Bellon
6.2020	Added OFAC Sanctioned Countries section outlining process for checking	Erica Price

	countries on the Active Sanctions list	
6.2020	Added requirements for when a party to the transaction is found on the Exclusionary List	Erica Price
6.2020	Updated allowable age of Mortgage Payoff Statement and Mortgage Billing Statement to no more than 30 days through the effective funding date of the loan	Erica Price
3.2020	Added requirements for the Credit Report	Ellen Clayson
2.2020	Added Link for Tax Return and Transcripts Policy	Ellen Clayson
1.2020	Added Handling of Documents section	Ellen Clayson
1.2020	Added Foreign Language Documentation section	Erica Price
12.2019	Added Consent to the Use of Tax Return Information section	Ellen Clayson
12.2019	Clarified Requirement for Letters of Explanation for Addresses Shown on the Credit Report	Ellen Clayson
12.2019	Revised Employment Documentation Provided by the Borrower's Employer section	Ellen Clayson
11.2019	Added guidance for inputting the borrower's address when he/she is active duty military and stationed out of the country	Ellen Clayson
10.2019	Updated Translation of Documents section to include examples of acceptable translations services	Ellen Clayson
1.2018	Tax Transcripts	Erica Price
11.2017	Initial Approval	Erica Price