

Lending Guide

Chapter 20 | Jumbo AUS

Overview

Products

Cardinal Jumbo Product Matrix

For Retail Lending, refer to:

[Cardinal Jumbo AUS Snapshot](#)

[Cardinal Jumbo AUS Expanded Snapshot](#)

[Cardinal Jumbo AUS Expanded Plus Snapshot](#)

[Additional Guidelines Specific to Expanded Plus Program](#)

For Wholesale Lending, refer to:

[Cardinal Jumbo AUS Snapshot](#)

[Cardinal Jumbo AUS Expanded Snapshot](#)

Fair Lending Statement

Federal law prohibits discrimination in connection with the origination of 1-4 family mortgage loans. The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age, because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act. Also, the Fair Housing Act prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and

disability. It is the responsibility of Cardinal to ensure that we adhere to these laws and their underlying principles in connection with mortgage loans sold to the Investors.

Underwriting Philosophy

DU Approve Eligible, LPA Accept or DU Approve Ineligible, LPA Accept Ineligible due only to the loan amount required on the current AUS version. Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed in these guidelines.

Must ensure that each loan is in compliance with the Ability to Repay (ATR) and the Qualified Mortgage (QM) rules established by the CFPB. The following reference provides the specific guidelines. https://files.consumerfinance.gov/f/201301_cfpb_final-rule_ability-to-repay.pdf

Adjustable Rate Mortgage

ARM Parameters

- 5yr/6m SOFR ARM
 - The interest rate will be fixed for an initial period of five (5) years (60 payments). The initial rate change will take place effective as of the sixty-first (61st) payment due date and on that day every six months thereafter, using the index figure in effect on the day that is 45 days before the interest rate adjustment date.
- 7yr/6m SOFR ARM
 - The interest rate will be fixed for an initial period of seven (7) years (84 payments). The initial rate change will take place effective as of the eighty-fifth (85th) payment due date and on that day every six months thereafter, using the index figure in effect on the day that is 45 days before the interest rate adjustment date.
- 10yr/6m SOFR ARM
 - The interest rate will be fixed for an initial period of ten (10) years (120 payments). The initial rate change will take place effective as of the one hundred and twenty-first (121st) payment due date and on that day every six months thereafter, using the index figure in effect on the day that is 45 days before the interest rate adjustment date.

Index

- 30 Day Average SOFR Index as published by the New York Federal Reserve.

Margin

- Available Margin 2.75%

Interest Rate Caps

- 5yr/6m ARM
 - 2% / 1% / 5% (First, Periodic, Lifetime)
- 7yr/6m and 10yr/6m ARM
 - 5% / 1% / 5%

Interest Rate Floor

- The floor is 2.75%

Qualification

- 5yr/6m ARM qualified at higher of the maximum potential Note rate after first adjustment or the fully indexed rate (sum of index and margin)
- Cardinal Jumbo AUS and Cardinal Jumbo AUS Expanded 7yr/6m and 10yr/6m ARM:
 - Qualified at the Note rate
- Cardinal Jumbo AUS Expanded Plus 7yr/6m and 10yr/6m ARM:
 - Qualified at the higher of the Note rate or the fully indexed rate (sum of index and margin)

Interest Only Fixed Rate

Available with the following requirements:

- Available on fixed rate 30-year term
- Ten (10) year interest only period followed by a 20-year amortization period
- Qualifying payment is based on the 20-year amortized payment

Borrower Eligibility

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below. Cardinal is required to order a third-party fraud report (Fraudguard or similar) to identify any borrower information discrepancies and indications of possible fraudulent activity.

Ineligible Borrowers

- Borrowers with only an ITIN (individual taxpayer identification number)
- Irrevocable trusts
- Corporations, limited partnerships, general partnerships, and limited liability companies
- Borrowers who are party to a lawsuit
- Foreign Nationals
- Borrowers with Diplomatic Immunity

Ownership

Ownership must be fee simple only and in the name of the individual Borrower(s) or Trust. Borrower(s) may hold title as follows:

- Individual
- Joint Tenants

First-time homebuyers

A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date. Refer to the applicable matrix for LTV and Score requirements.

Occupancy

Primary Residence and Second Home

Follow the AUS and applicable current Agency selling guide requirements.

Investment Property

A borrower signed **Business Purpose & Occupancy Affidavit** indicating the loan purpose is for the acquisition, improvement, or maintenance of a rental property is required. The affidavit must be signed before or at closing.

Cash-out loan proceeds used for any personal use are not eligible as a Business Purpose loan and will be subject to TILA compliance.

Eligible Transaction Types

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below.

- Shared appreciation loans not allowed
- The assignment of a purchase contract is not eligible unless the transferor is a family member and there is no change to the purchase price
- Texas 50(a)(6) loans are not eligible
- Single-Closing Construction-to-Permanent financing is not eligible
- To be eligible for purchase, the period between the closing date and the lock date cannot exceed 90 days
- Balloon mortgages are not eligible for purchase

Mortgage Insurance

Not applicable.

Qualifying Ratios

Refer to the applicable Cardinal Jumbo AUS Product Snapshot for maximum DTI allowed.

Credit Documentation Requirements

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below.

Credit Documents Age

For all transaction types, follow the AUS requirements for age of document requirements.

Credit Score

- The representative credit score for qualification purposes for an individual borrower is the middle score of the three (3) scores reported. If two (2) scores are reported, the representative credit score is the lower of the two scores. Credit scores from all three repositories must be requested (Equifax, Experian, and TransUnion). **Averaging of credit scores to determine eligibility is not allowed.**
- For multiple borrowers, the credit score is the lowest of all representative credit scores.
- If only one credit score or no credit score is reported, the borrower is not eligible.
- A minimum of two (2) credit scores is required.
- Credit re-scores are not permitted unless the rescore corrects erroneous line items or disputed accounts.

Refer to the applicable Cardinal Jumbo AUS Product Snapshot for minimum credit score requirements.

Minimum Credit Requirements

- Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below

Mortgage/Rental History

- **A minimum of twenty-four (24) months verified mortgage history is required with the following:**
 - **0x30x12**

- 0x60x24
- A minimum of twelve (12) months verified rental history is required with 0X30X12 payment history, For rental verification, the following is required:
 - A standard VOR completed by a professional management company, or
 - 12 months bank statements / canceled checks reflecting rent payments and a signed lease agreement
- If the housing history reflects a forbearance arrangement, the payment history must reflect 0 x 30 x12 and 0x60x24 lates in the most recent 24 months since exiting forbearance. The payment history must be provided by the servicer or lender
- Borrowers with no mortgage/rental history due to a residence scenario requiring no mortgage or rental payments are eligible with a satisfactory letter of explanation.

Credit Inquiries

Follow the AUS and applicable current Agency selling guide requirements.

Liens, Judgments, and Collections

- A satisfactory explanation for any delinquent credit from the borrower is required.
- Borrower must pay off all delinquent credit that has the potential to impact the lien position.
- Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than \$1000.00 or if there are multiple accounts the total balance of all accounts cannot exceed \$2,500.00.

Bankruptcy, Foreclosure, Deed-In-Lieu of Foreclosure and Short Sale

- At least seven (7) years must have elapsed since the bankruptcy discharge or dismissal, foreclosure, notice of default (NOD) short sale deed-in-lieu, or modification measured from the date of completion to the date of application.
- A satisfactory letter of explanation for the event from the borrower is required.
- **Cardinal Jumbo and Cardinal Jumbo Expanded only:**

- Modifications that were not the result of a distress situation are not subject to the waiting period.

Forbearance

- If the borrower is currently in forbearance, the loan is ineligible
- Refer to Mortgage/Rental History for housing payment requirements related to forbearance

Liabilities

- All debts the borrower(s) are obligated for must be included in the DTI calculation.

Employment and Income

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below.

- Commission/Bonus income must be documented with a written VOE breaking down the bonus or commission income for the past 2 years or a year-to-date paystub and W2's supporting the income. Commission/Bonus income with less than a 2 year history may not be used for qualification.
- Tax transcripts are required to be obtained from the IRS only for income for years being used for qualification. Wage transcripts are acceptable for W-2 borrowers and 1099 transcripts are acceptable for 1099 borrowers. Tax transcripts are not required for newly received income such as retirement, social security and trust income that would not appear on the prior year tax returns.
- Borrower pulled transcripts are not acceptable.
- The IRS transcripts and the supporting income documentation must be consistent.
- Income produced or in relation to federally prohibited activities is not eligible.

Tax Transcripts

Tax transcripts are required to be obtained from the IRS only for income for years used for qualification. Borrower provided transcripts are not acceptable. The IRS transcripts and the supporting income documentation provided by the lender must be consistent.

- Note: Only U.S. tax transcripts are allowed.

Debts and Liabilities

Follow the AUS and applicable current Agency selling guide requirements.

Assets and Source of Funds

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below.

- Business assets used must be accompanied by a CPA letter confirming that the withdrawal of the funds from the business will not harm the financial strength of the business
- Gifts of equity are not allowed
- Equity lines of credit, gift funds, business assets and cash out from the subject property on refinance transactions are not acceptable sources to meet the reserve requirement

Refer to the Product Snapshot for required reserves

Property

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below.

Eligible Property Types

- 1-4 units attached/detached owner-occupied properties.
- 1-unit second homes.
- Low/mid/high-rise new and established Fannie Mae or Freddie Mac warrantable condominiums.
 - Condominiums with HOA in litigation are ineligible.
 - Minimum square footage 400.
- Planned Unit Development (PUD).

- Maximum lot size 20 acres. Properties with greater than 10 acres need to have three comparables with similar acreage.

Ineligible Property Types

- Manufactured Homes
- Factory-built housing
- Properties with income-producing attributes
- Condo hotel units
- Log homes
- Unwarrantable condominiums
- Condominiums with HOA in litigation
- Timeshare units
- Geothermal homes
- Unique properties
- Mixed-use properties
- Commercial properties
- Agriculturally zoned properties (agricultural/residential eligible)
- Working / hobby farms
- Rural zoned properties
- Properties with an oil and gas lease
- Properties held as leasehold
- Properties located in Puerto Rico, Guam, and the US Virgin Islands
- Properties located in Hawaii lava zones 1 and 2

- Co-ops
- Properties with more than 20 acres
- Properties with a C5 or higher property condition rating

Declining Markets

Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by the appraiser.

Land-to-Value

For loans locked on or after 10.07.24:

Follow the AUS and applicable current Agency selling guide requirements.

Carbon Monoxide and Smoke Detector Standards

Cardinal Financial will rely on the information provided in the residential appraisal report completed by a state-licensed appraiser regarding compliance with any applicable city, county, state, or other local jurisdiction laws or requirements. If a compliance issue regarding missing or nonfunctional carbon monoxide detectors or smoke detectors is indicated by the appraiser, the following requirements must be met depending on the status of the appraisal. If the Appraiser does not indicate that these items are not installed but completes the appraisal as meeting minimum property standards, we will assume that the items required to comply with state or local laws are in place.

'As-Is' Property Appraisal for Newly Constructed Properties

Newly Construction Properties with an 'As-Is' property appraisal requires **one** of the following documentation options to confirm that functioning detectors have been installed in compliance with any applicable city, county, state, or other local jurisdiction laws or requirements:

- Written statement from the builder verifying that functioning detectors have been installed in compliance with any applicable city, county, state, or other local jurisdiction laws or requirements.
- Supporting photo(s) verifying that functioning detectors have been installed in compliance with any applicable city, county, state, or other local jurisdiction laws or requirements.

- Copy of receipt, confirming the purchase of smoke detector(s)
- Copy of receipt, confirming the payment of services for the installation of smoke detector(s)
- Appraisal Form 1004D (provided by the appraiser) confirming the smoke detector was successfully installed

'As-Is' Property Appraisal for Existing Properties

Existing Properties with an "As-Is" property appraisal requires **one** of the following documentation options along with an executed Certification and Indemnification Agreement to confirm that functioning detectors have been installed in compliance with any applicable city, county, state, or other local jurisdiction laws or requirements:

- Written statement from a licensed contractor, handyman or similar vendor confirming that functioning detectors have been installed in compliance with any applicable city, county, state, or other local jurisdiction laws or requirements.
- Supporting photo(s) verifying that functioning detectors have been installed in compliance with any applicable city, county, state, or other local jurisdiction laws or requirements.
- Copy of receipt, confirming the purchase of smoke detector(s)
- Copy of receipt, confirming the payment of services for the installation of smoke detector(s)
- Appraisal Form 1004D (provided by the appraiser) confirming the smoke detector was successfully installed

AND

- An executed Certification and Indemnification Agreement

Note: The Certification and Indemnification Agreement may be signed by the borrower, real estate agent or property seller on a purchase transaction. The Certification and Indemnification Agreement must be signed by the borrower on a refinance.

'Subject-To' Property Appraisal

- A 1004D (provided by the appraiser) must be provided to verify that the functioning detector(s) have been installed to ensure compliance with any applicable city, county, state, or other local jurisdiction laws or requirements.

Appraisal Requirements

- All appraisals must be completed on the most current Agency appraisal forms as stipulated in the Seller's Guide and conform to Agency appraisal practices.
- All loans require a full interior/exterior appraisal
- Two (2) full appraisals are required for loan amounts >\$2,000,000. LTV/CLTV will be based on the lower of the two values. All inconsistencies between the two appraisals must be addressed and reconciled.
- Appraisals transferred or assigned from another lender are not acceptable
- Escrow holdbacks are not allowed

Third-Party Appraisal Review

- A Collateral Desktop Analysis (CDA) from Clear Capital is required for each loan with a collateral underwriter (CU) **or loan collateral advisor (LCA)** score greater than 2.5.
 - A CDA is required in all cases when a CU **or LCA** score is not available
- A CDA is not required for loans with two appraisals, regardless of the **CU or LCA score**.
- A copy of the appraisal desk review report should be submitted in the loan file. The review must not be over 120 days old from the date of the Note.
- If the desk review produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible for purchase; provided, there is the option to order a Field Review to support the appraised value. If the field review also produces a value in excess of a 10% negative variance to the appraised value, then the loan will remain ineligible.

Detailed instructions for this are located within [Appraisal Requires Desk Review Job Aid](#).

Properties Located in a Disaster Area

- If the property is in a zone where a Disaster End Date has been declared by FEMA, a post-disaster inspection prior to loan purchase to confirm the property value has not been impacted by the disaster.
- If the property is in a zone where a Disaster End Date has not been declared by FEMA, in addition to the above inspection requirement, a date and time stamped area map from a state or county agency or similar, showing the subject property in relation to the disaster area is required to evidence that the property is outside of current known disaster boundaries.

Additional Loan Attributes and Policies

Follow the AUS and applicable current Agency selling guide requirements unless otherwise addressed below.

Subordinate Financing

- Allowed up to maximum CLTV per Snapshot.
- Secondary financing terms must conform to Agency guidelines.
- The CLTV should be calculated using the unpaid principal balance on all closed-end subordinate financing and the full amount of any HELOCs (whether or not funds have been drawn).
- Shared appreciation loans are not permitted.

Chain of Title

Follow the AUS and applicable current Agency selling guide requirements.

Recasting/Re-amortizing

Refer to the Jumbo Comparison Matrix for guidance.

Temporary Buydown

Temporary buydown mortgage loans are not eligible for purchase.

Prepayment Penalty

Mortgage loans with prepayment penalties are not eligible for purchase.

Interested Party Contributions

Follow the AUS and applicable current Agency selling guide requirements.

HERO/PACE/Solar Panels

- Any item that will include a UCC associated with the property and/or will create an easement on title is ineligible.
 - An existing UCC must be terminated at closing but may be placed on the property again AFTER our closing.
- Payoff of a HERO lien is considered cash-out.

Escrows

- Cardinal advocates the establishment of an escrow account for the payment of taxes, hazard insurance, flood insurance, etc.
- Properties where the insurance coverage on the declaration page does not cover the loan amount must have a cost estimate from the insurance company or agent evidencing the property is insured for its replacement cost.
- Hazard insurance must have the same inception date as the date of disbursement on a purchase money transaction.
- All applicable loans must adhere to HFIAA regarding flood insurance escrows.

Note: Escrow waivers are requested through the lock desk. LLPA's may apply.

Title and Closing Documentation

Title insurance must meet Agency requirements and be written on the 2006 American Land Title ALTA form providing gap coverage or the ALTA short form. Other state forms may be used in the states in which standard ALTA forms of coverage are not used or in which the 2006 ALTA forms have not been

adopted. If alternative forms are used, the lender must ensure that those amendments provide the same coverage.

- The title policy should include all applicable endorsements issued by a title insurer qualified to do business in the jurisdiction in which the mortgage insured property is located, including the endorsements for Condominiums, PUDs, and ARM loan types.
- The title insurance coverage must include an environmental protection lien endorsement (ALTA 8.1-06 or equivalent state form).
- The title insurance policy must insure the mortgagee and its successors and assigns as to the first priority lien of the loan amount at least equal to the outstanding principal balance of the loan.
- A statement by the title insurance company or closing attorney on such binder or commitment that the priority of the lien of the related Mortgage during the period between the date of the funding of the related Mortgage Loan and the date of the related title policy (which title policy shall be dated the date of recording of the related Mortgage) is insured.
- Construction loan refinance: When closed as a single transaction for both the construction loan and the permanent financing, the policy must be dated concurrently with the date of the mortgage and must include (1) a “pending disbursements” clause and (2) a final endorsement to the title policy that extends the effective date of the coverage to the later of the final construction advance date or the endorsement date.
- Any existing tax or mechanic’s liens must be paid in full through escrow.

Additional Guidelines Specific to Expanded Plus Program

In addition to the above guidance, the following requirements apply to the Cardinal Jumbo AUS Expanded Plus product.

Channel Eligibility

Only available for Retail and Consumer Direct Channels

Age of Appraisal

The age of the subject property appraisal must be within 90 days of the Note date. Additionally, when the effective date of the original appraisal report is greater than 90 days, a new full appraisal will be required. A recertification of value will not be acceptable for appraisals aged greater than 90 days.

Automated Underwriting (AUS)

Loans must be run through DU only.

- One of the following AUS feedback messages is required: DU Approve/Eligible, DU Approve/Ineligible for loan amount or maximum LTV on cash-out refinances only.

Eligible Transaction Types

Purchases

- If the seller has taken title to the subject property ninety (90) days or less prior to the date of the sales contract, the following requirements apply:
 - Property seller on the purchase contract is the owner of record
 - LTV/CLTV will be based on the lesser of the prior sales price or the current appraised value
 - Loans that are bank or relocation sales are exempt from the above requirements
- Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price adjusted. Items that are customary to residential real estate transactions such as lighting fixtures, kitchen appliances, window treatments and ceiling fans are not considered personal property.

Rate and Term Refinance

- For properties purchased within twelve (12) months of the closing date, the LTV will be based upon the lesser of the original sales price or the current appraised value conclusion from the

appraiser. The original sales price will be determined from the Closing Disclosure from the subject acquisition transaction.

Cash-Out Refinance

- Cash-out proceeds may not be used to satisfy judgments, tax liens, charge-offs, or past-due accounts.
 - Funds required to payoff unseasoned second liens (closed end <12 months, HELOC <12 months or draws more than \$2,000 in the past 12 months) must be considered in the total of cash out proceeds. Cash in hand, plus the amount to payoff the 2nd lien, cannot exceed the maximum cash out proceeds allowed.

Continuity of Obligation

For a refinance transaction to be eligible for purchase, there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction. Continuity of obligation is met when any one of the following exists:

- At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.
- The borrower has been on the title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor.
- The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction
- The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
 - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer
 - The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan

- NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement
- The borrower has recently been legally awarded the property (divorce, separation, or dissolution of a domestic partnership).

Loans with an acceptable continuity of obligation may be underwritten, priced, and delivered as either cash-out or limited cash-out refinance transactions based on the requirements for each type of transaction.

Contract for Deed/Land Contract

The payoff of an installment loan land contract is not eligible.

Construction Loan Refinancing

Construction loan refinances are eligible as rate and term or cash-out refinances and must meet the following criteria:

- Only the permanent financing on a construction-to-perm loan is eligible. Single closing construction to permanent loan refinances are ineligible
- Borrower must have held title to the lot for a minimum of 6 months before the closing of the permanent loan.
- The LTV will be based on the current appraised value of the property if the borrower has held title to the lot for 12 or more months before the closing date of the permanent loan.
- If the lot was acquired less than 12 months before the closing date of the permanent loan, the LTV will be based on the lesser of:
 - a) the original purchase price of the lot plus the total acquisition costs (sum of construction costs) or
 - b) the current appraised value of the lot plus the total acquisition costs.
- Appraiser's final inspection is required.
- A certificate of occupancy is required from the applicable governing authority. If the applicable governing authority does not require a certificate of occupancy, proof must be provided.

- Construction loan refinances in which the borrower has acted as builder are not eligible for purchase.

Delayed Financing

- Follow Fannie Mae Selling Guide requirements, **with the following exception:**
 - The six months seasoning is measured from the closing date of the purchase transaction to the **TRID Application** date of the subject transaction.
- LTV/CLTV for Rate and Term refinances must be met
- Delayed financing refinance transactions are underwritten and priced as rate and term refinances and are not subject to cash-out refinancing program limitations
 - Note: DU will identify the transaction as cash-out
 - Loan must be input into Octane as cash-out
- Property may not be located in Texas
- Property must have been purchased using the borrower's own funds
 - Refer to [Business Funds](#) section if funds used to purchase the property came from the borrower's self-employed business

Texas Section 50(a)(6) and (f)(2) Refinance

Permitted with the following restrictions:

- Maximum LTV/CLTV is the lesser of 80% or program maximum
- Allows for 30-year fixed rate product only
- Eligible Property Types:
 - Attached or detached 1-unit principal residence designated as the borrower's homestead under Texas law
 - Condominium
 - Planned Unit Development

Subordinate Financing

- Permitted per AUS guidelines
- Shared equity finance agreements are an ineligible source of subordinate financing
- Employer Subordinate Financing is permitted:
 - 30 year fixed rate only
 - Employer must have an Employee Financing Assistance Program in place
 - Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date

- Financing may be structured in any of the following ways:
 - Fully amortizing level monthly payments
 - Deferred payments for some period before changing to fully amortizing payments
 - Deferred payments over the entire term
 - Forgiveness of debt over time

Third-Party Appraisal Review

- Cardinal must order an appraisal desk review product CDA for each loan from Clear Capital. In the instance where two appraisals are required due to loan amount, a CDA must still be ordered supporting the lower of the two reports.
 - Where a CU may not be available due to property type (2-unit), a desk review product CDA is required.
 - All appraisals are reviewed for eligibility as well as value support. However, the use of an appraisal review product does not relieve the seller of its representations and warranties relating to the property and the appraisal, including the underwriting thereof.
 - Note: requirement does not apply if a CU score of 2.5 or lower is obtained
 - Properties identified by the appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirements. A CDA is required for all properties in declining markets.
 - Detailed instructions for this are located within [Appraisal Requires Desk Review Job Aid](#).
- A copy of the appraisal desk review report should be submitted in the loan file. The review must not be over 120 days old from the date of the Note.
- If the desk review product CDA produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible for purchase without further appraisal supporting documentation.
 - A Field Review will be required to support the appraised value.

- If the Field Review also produces a value in excess of a 10% negative variance to the appraised value, then the loan will remain ineligible for purchase.
- If a Field Review product value is more than 10% below the appraised value, a second appraisal is required
 - Value will be based on the lesser of the original appraisal, Field Review, or 2nd appraisal

Borrower Eligibility

Non-Permanent Resident Alien

- Non-permanent resident aliens are eligible for Primary Residence transactions only
 - Must be legally present in the U.S with an acceptable visa type. Acceptable visa types are as follows:
 - E-1
 - G Series (G-1, G-2, G-3, G-4, G-5)
 - H-1B, H-2B
 - L-1

Non-Occupant Co-Borrower

Non-Occupant Co-Borrowers are permitted according to Agency guidelines. In addition:

- All borrowers and non-occupant co-borrowers execute the Note and Mortgage
- Non-occupant co-borrower's income may be used for qualifying purposes
- Non-occupant co-borrower's assets may be used to meet minimum borrower contribution requirements
- Non-occupant co-borrower's liabilities must be included the combined DTI with a Maximum Combined DTI of $\leq 45\%$
- Non-Occupant co-borrowers must be a relative (borrower's spouse, child, or other dependent or any other person who is related to the borrower by blood, marriage, adoption, or legal guardianship, domestic partner, fiancé, or fiancée)

Credit Requirements

Credit Inquiries

- All inquiries that have taken place within 120 days of the credit report date must be explained by the borrower and documented accordingly; refer to the [Ordering and Reviewing a Credit Report](#) document for direction in ordering an extended inquiry supplement.
- Borrower must be qualified with any new debt.

Frozen Credit

All borrowers must have a minimum of two (2) credit scores that are generated from unfrozen bureaus.

Home Equity Line of Credit (HELOC)

- For HELOC loans paid off at closing, the line must be closed to any future draws. Requirement on title commitment for payoff and cancellation of HELOC is acceptable.
- Subordination of HELOC loans is permitted up to a maximum CLTV per matrix. The CLTV should be calculated using the full amount of any HELOC (whether or not funds have been drawn).

Maximum Number of Financed Properties

- Maximum number of financed properties permitted per AUS
- Maximum total loan exposure to the same borrower, including the subject property, is \$8,000,000

Mortgage/Rental History

Mortgage Housing History

- 0x30x12, 0x60x24, x0x90x24
- A satisfactory explanation letter from the borrower(s) must be provided for any mortgage lates within the most recent twenty-four (24) months
- If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required

Rental Housing History

- 0x30x12

Derogatory Credit Events

Collections

Follow the AUS and applicable current Agency selling guide requirements.

Forbearance and Loan Modification

Four (4) years since exit from forbearance is required:

- Seasoning is considered from completion of forbearance to TRID Application date
- Determining Eligibility for New Loan for Subject and Non-Subject Properties
 - Any forbearance resulting in a subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a 7 year waiting period
 - Any loan(s) shown to be in active forbearance is considered a significant derogatory credit event and is ineligible
 - If any loan was subject to a prior forbearance granted between 4/1/20 and 4/1/21, if such forbearance has been exited and all subsequent payments must have been made on time since the exit then such event will not be considered a significant derogatory credit event
 - Loan file must contain a letter of explanation from the borrower/guarantor detailing the reason for forbearance and that the hardship no longer exists

Four (4) years since Loan Modification is required if the modification was due to hardship or included debt forgiveness:

- Seasoning is considered from loan modification date to TRID Application date.
- Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply

Letters of Explanation

Mortgage late payments or significant derogatory credit will require a satisfactory signed letter of explanation.

Tax liens, Judgments, Charge-offs and Past-due Accounts

Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing. Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts. Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full.

Tax Liens

If the most recent tax return or tax extension indicates a borrower owes money to the IRS or State Tax Authority, evidence of sufficient liquid assets to pay the debt must be documented if the amount due is within 90 days of loan application date or if the tax transcripts show an outstanding balance due.

- A payment plan for the most recent tax year is allowed if the following requirements are met:
 - Payment plan was set up at the time the taxes were due. A copy of the payment plan must be included in the loan file.
 - Payment is included in the DTI
 - Satisfactory pay history based on terms of payment plan is provided
 - Payment plans are only allowed for taxes due for the most recent tax year. Prior tax years are not allowed.
 - For example, borrowers file their 2021 return or extension in April 2022. A payment plan would be allowed for taxes due for the 2021 tax year. Payment plans for 2020 or prior years would not be allowed.
 - Borrower does not have a prior history of tax liens.
- Only one tax payment plan is allowed. If a borrower has entered into multiple tax payment plans, all but one plan must be paid in full as acknowledged by the IRS prior to close of the subject transaction. Funds must be verified and considered when calculating funds to close and reserves.

Employment and Income

Salaried Borrowers with Commission/Bonus

- Commission income must be documented with a written VOE breaking down the bonus or commission income for the past 2 years or a year-to-date pay stub and W-2's supporting the income.

Borrowers Employed by a Family Member

- Most recent 30 days' paystubs with year-to-date earnings
- W2s or tax returns for the most recent 2-year period
- VVOE
- 2 years' tax transcripts; Refer to the Tax Transcripts section below.
- Borrower's potential ownership in the business must be addressed by obtaining a letter from a qualified disinterested third-party

K-1 Recent Conversion

A borrower who has recently been made a partner with their employer (typically but not necessarily a law firm, accounting firm etc.) and converting to a K-1 form of compensation may have their income considered as stable provided a minimum of two years with the same employer is verified. The borrower's ownership percentage must be less than 25%.

Documentation requirements

- 2 years' personal tax returns signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided.
- 2 years' tax transcripts; see specific requirements under the Tax Transcripts section below
 - The transcripts must validate the income documentation used to underwrite the loan.
The transcripts and supporting income documentation must be consistent
- Copy of partnership agreement. Guaranteed payments due under the partnership agreement must be equal to or greater than previously reported W-2 income
 - If the agreement does not specify guaranteed payments to the partner, borrower must have received partnership payments via K-1 for a minimum of one year, and the income must be documented with the prior year's K-1

Income must be calculated based on the most recent two years' W-2 income.

Self-Employment Documentation

Follow the requirements per the DU findings, except as detailed below:

- If DU returns a recommendation for one (1) year of tax returns, the most recent year's tax return must be provided. IRS extensions are not permitted.
 - If the borrower has filed an extension, the most recent prior two (2) years tax returns are required.
- Secondary Self-Employment Income:
 - Secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers' total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required.
- Income from Self-Employed Co-Borrower:
 - Co-borrower self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers' total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required.

Review of tax returns in their entirety is required; prior years' income reporting on the documentation must be considered when analyzing the income stream.

K-1 Income/Loss on Schedule E

- If the income is \$0 or positive, stable, and not used for qualifying, the K1 is not required
- If income is positive, and is used for qualifying:
 - K-1 is required
 - If the borrower has less than 25% ownership:
 - Year-to-date income must be verified if the most recent K1 is more than 90 days from the Note date
 - If the borrower has 25% or more ownership, follow self-employment documentation and income requirements
- If income represents a loss:
 - K-1 is required
 - If the borrower has less than 25% ownership:
 - Where loss is >5% of total qualifying income, deduct loss from income.

- Where loss is $\leq 5\%$ of total qualifying income, the underwriter must analyze the information to ensure the losses do not materially impact the borrower's ability to repay, otherwise they should be included in review of income regardless of ownership percentage
- If the borrower has 25% or more ownership, follow self-employment documentation and income requirements

Profit & Loss and Balance Sheet

In addition to the requirements under the [Profit & Loss and Balance Sheet Requirements](#) section, if after March 31st of the current year tax returns for the prior year have not been filed, a P&L and Balance Sheet for the prior year are required.

Verification of Active Business

The existence of the borrower's business must be verified within ten (10) calendar days prior to closing. Methods of verifying business include:

- Verification from a third party such as a CPA, regulatory agency, or by an applicable licensing bureau. If a CPA letter is used it must indicate the borrower has been self-employed for a minimum of 2 years. The length of self-employment identified by the CPA must match the length of self-employment in DU.

Short-term Rental Income

In addition to all Agency requirements, qualifying income from short-term rental properties is not eligible in any of the boroughs of New York City.

Social Security Secondary Income Validation

Secondary validation when income is documented via either a Social Security Benefit Award Letter or a 1099 is required. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date.

Tax Transcripts

Tax transcripts obtained for personal tax returns are required when tax returns are used to document the borrower's income, or any loss, and must match the documentation in the loan file. Refer to specific income types for additional requirements related to tax transcripts.

Borrower obtained tax transcripts are not permitted.

A 4506-C form is required to be signed at closing by all borrowers for all transactions.

When the most recent year's tax returns have been filed, and where the IRS has not processed the returns in order to obtain tax transcripts, the following documentation alternative is allowed and required:

- Tax transcripts for previous 1 or 2 years (per DU Findings Report),
- For the most recent year's tax return, provide:
 - Proof of e-filing with the IRS
 - This is generally an e-file receipt or a screen shot from the borrower's online IRS account that confirms receipt of the tax returns, and
 - Proof of payment in full of tax liability owed or receipt of refund, as applicable, and
 - A processed 4506-C response that confirms "no record of return found" with the IRS

Secondary Verification

Salaried Borrowers

Secondary verification of the income documentation is required via W-2 transcripts. The number of years provided will be based on the DU findings.

Social Security Income

Secondary validation is required when income is documented via either a Social Security Benefit Award Letter or a 1099. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date.

Code 10 Rejection

In the instance where there may be possible identity theft or fraud and the transcript request has been rejected by the IRS with a Code 10 indicating that “Due to limitations, the IRS is unable to process this request”, provide the following:

- Evidence of the IRS transcript request rejection for the current tax year,
- Borrower provided tax returns for the corresponding tax year (year for which Code 10 was returned),
- Proof of payment in full of tax liability or receipt of refund, as applicable,
- Tax transcripts for previous one or two years (per AUS)

Unacceptable Income

Unacceptable income sources include the following:

- Any source that cannot be verified
- Restricted stock income (RSU)
- Income that is temporary
- Rental Income (Boarder Income) received from the borrower’s primary residence
- Expense account payments
- Retained earnings
- Automobile allowances
- Virtual currency

Verbal VOE

- Verbal VOE of current employment documented in writing is required to be obtained no more than ten (10) business days prior to the Note Date. If the employer uses a third-party employment verification vendor, the verification must be obtained within the same time frame as the verbal VOE requirements above and the verification must evidence the information in the vendor’s database was no more than 35 days old as of the Note Date.

Assets

Business Funds

Allowed for funds to close with the following restrictions:

- Personal and business tax returns for the entity the funds are being withdrawn from, and a year-to-date P&L and balance sheet are required
- Documented cash flow analysis required using prior years' tax returns, P&L, balance sheet and most recent 3 months' business bank statements; to be completed by underwriter to confirm no negative impact to ongoing operation of the business
- Business bank statements must be no older than the latest three months represented on the year-to-date profit and loss statement
- Business bank statements must not reflect any NSF (non-sufficient funds) or overdrafts
- If borrower(s) ownership in the business is less than 100%, the following requirements must be met:
 - Borrower(s) must have majority ownership of 51% or greater
 - Non-borrowing owner(s) of the business must provide an access letter for use of the business funds
 - Borrower(s) percentage of ownership must be applied to the balance of business funds for use by borrower(s)
- Funds must be liquid and from non-retirement accounts

Cash Reserves

Refer to the Product Snapshot for required reserves.

Additional 1-4 Unit Financed REO Properties:

- Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO
- If the property is eligible to be excluded from the count of multiple financed properties, reserves are not required for those properties.

Unacceptable Reserves

In addition to the Unacceptable Source of Assets, the following cannot be counted as part of the borrower's reserves:

- Gift funds
- Business funds
- Cash proceeds from a cash out refinance transaction
- Proceeds from a home equity loan or line of credit, bridge loan or cash out from any other property
- Deferred compensation
- Funds that have not vested

Gift Funds

Gift funds may be used on primary residence and second home transactions once the borrower has contributed 5% of their own funds to the transaction.

Unacceptable Source of Funds

- Proceeds from a personal or unsecured loan
- A cash advance on a revolving charge account or unsecured line of credit
- Foreign assets
- Non-marketable securities
- Profit sharing plans
- Labor performed by the borrower, also referred to as “sweat equity”
- Gifts that must be repaid
- Donated funds in any form, such as cash or bonds donated by the seller builder or selling agent outside of approved financing contributions
- Funds from a community second mortgage or down payment assistance program
- Individual Development Accounts (IDAs)
- Pooled Savings (Community Savings Funds)
- Salary Advances
- Funds in a custodial or “in trust for” account
- Trade equity
- Cash on hand
- Employer assistance assets
- Loans from non-institutional lenders
- Non-Applicant Title Holder assets
- Gifts of equity

Virtual Currency

Virtual currency (i.e. bitcoin) is an ineligible asset type

- Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves
- Documented evidence that the virtual currency has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution is required, and
- The funds must be verified in U.S. dollars prior to the loan closing

Property

Illinois Land Trust

- One-unit property only
- The trustee must be a financial institution customarily engaged in the business of acting as trustee under Illinois land trusts
- The trust agreement term must be equal to or greater than the term of the security instrument
- Title may be vested as follows:
 - Solely in the trustee(s) of the trust,
 - Jointly in the trustee(s) of the trust and in the name(s) of the individual borrower(s), or
 - In the trustee(s) of more than one trust
- Title insurance must ensure full title protection to the Seller and must state that title to the property is vested in the trustee(s) of the trust. It must not list any exceptions with respect to the trustee(s) holding title to the property or to the trust; and
- The loan must be underwritten as if the individual(s) establishing the trust were the borrower

Eligible Property Types

Non-Warrantable Condominium

General Requirements

- **Only one (1) non-warrantable feature noted below is allowed and LTV/CLTV must be 10% below the product maximum up to a maximum of 70% LTV/CLTV.**
 - Example: If a borrower qualifies for a loan at 70% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed LTV would be 60%.
- Primary residence and second home only

- Full project review required
- Subject Legal Phase
 - The subject legal phase and any other prior legal phases in which units have been offered for sale are substantially complete (common elements complete and units complete subject to selection of buyer upgrades/preference items)
- All other Fannie Mae Selling Guide condo requirements met, including litigation requirements
- Loans must be locked as a non-warrantable condominium and applicable pricing adjustments applied

Following are the non-warrantable features that may be present, but only one feature is allowed:

Commercial Space

- Includes space above and below grade, excluding parking
- Must be compatible with the residential use of the project; for example, restaurants, small shops, business offices, small market/grocery store that complements the neighborhood
- Maximum 50% commercial space allowed

Maximum Ownership by one (1) entity is 25% for projects with more than ten (10) units

- Units owned by the developer, sponsor, or succeeding developer that are vacant and being actively marketed for sale are not included in the calculation
- Units currently leased must be included in the calculation
- For projects with ten (10) units or less, Fannie Mae guidelines apply for the number of units owned by one (1) entity and would not be considered non-warrantable.

Presale

- New projects or converted projects (as defined by Fannie Mae Selling Guide) must have at least 30% of the units sold or under contract to owner occupants or second home purchasers for the specific subject legal phase
- Common areas / amenities must be complete for the subject phase

Budget - for projects with line item for replacement reserves of less than 10%

- Less than 10% but greater than 7% replaced reserves allowed if current reserve balance exceeds 10% of operating expenses
- Less than 7% replacement reserves allowed if current reserve balance exceeds 20% operating expenses

- Regardless of the replacement reserves percentage amount, the project balance sheet must be provided and within 120 days of the Note date

Condotels

Condotel Projects LTV/CLTV must be 10% below product / program maximum up to a maximum of 70% LTV/CLTV.

- Example: If a borrower qualifies for a loan at 70% LTV based on the transaction, FICO score, loan amount and reserves, then the maximum allowed LTV would be 60%.

Condotel Requirements

- Full project review required
- Rental income may not be used for qualifying
- If subject unit appears on Schedule E of the borrower's tax returns, there must be a minimum of thirty (30) days the unit is used for personal use
- No fractional ownership allowed in the project
- Subject unit must not be subject to a mandatory rental pool; it must be for the borrower's exclusive use and enjoyment
- Project must have no more than 50% investor concentration
- Commercial space is limited to 50%
 - Commercial space does not need to include square footage from parking garage
- Minimum square footage of 500 square feet and unit must have a fully functioning kitchen
- Housekeeping, front desk, card key access and daily rentals allowed
- Property must be in a resort area or metropolitan area with a project associated with luxury high-end hotel brands
- Primary residence and second home only
- Appraisal must include similar Condotel comparables

All other Fannie Mae condominium requirements must be met, including guidelines surrounding litigation.

Loans must be locked as a Condotel with applicable pricing applied.

Ineligible Property Types

- Condominium projects, including non-warrantable, involved in litigation. Fannie Mae guidelines regarding litigation must be met
- Co-ops

- Deed/ Resale restricted properties other than those with age-related restrictions
- Manufactured Housing
- Hawaii Lava Zones 1 & 2
- Log Homes
- Mixed Use
- Working Farm
- Unique Properties
- Properties with more than 20 acres
- Leasehold
- Properties with condition rating of C5 / C6
- Properties with quality rating of Q6
- Deed or Resale restricted properties other than those subject to age-related requirements
- PUDtels

Additional Loan Attributes and Policies

Chain of Title

- All transactions require a minimum twelve (12) month chain of title.
- For purchase transactions, the seller must have taken title to the subject property a minimum of ninety (90) days before the date of the sales contract.

Balloon Mortgage

Balloon mortgages are not eligible for purchase.

Regulatory Compliance

Cardinal must ensure that each loan has been originated, closed, serviced and transferred in compliance with all applicable federal, state and local laws and regulations including without limitation the Ability to Repay (ATR) and the Qualified Mortgage (QM) rules effective 3/1/21, the TILA-RESPA Integrated Disclosure (TRID) rule effective 10/3/15 and the laws and regulations listed below. All loans must be designated Safe Harbor QM (APR/APOR spread not equal to or greater than 1.5%) and Verification Safe Harbor QM as defined by § 1026.43, except interest only loans. Interest only loans will be classified as Non-QM and must not be high cost by federal or state definition (HOEPA, § 1026.32) or a higher priced

mortgage loan (HPML, § 1026.35) and the points and fees are limited to 5% of the total loan amount, as determined by § 1026.32.

- Regulation X – RESPA
- Regulation Z – Truth in Lending
- Regulation G – SAFE Act – Federal Licensing and Registration
- Regulation H- SAFE Act - State Licensing and Regulation
- Regulation V – Fair Credit Reporting
- Regulation B – Equal Credit Opportunity
- Regulation P – Privacy of Consumer Financial Information (GLB)
- USA Patriot Act
- Fair Housing Act
- Dodd-Frank Act
- Federal high-cost loan regulations
- State, local, and county high cost and usury regulations
- National Flood Insurance Act

The closed file submission should include all applicable closing documentation and disclosures pertaining to the above regulations.

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. Versioning has been captured as of 10.1.20.

Date	Version	Description	Approved By	Octane Alignment
1.22.25	V34	Updated Additional Guidelines Specific to the Expanded Plus Program to clarify guidance for	Kristen Bellon	Pending

		<p>Derogatory Credit Events including Tax liens, Judgments, Charge-offs and Past-due Accounts. Updated guidance for Collections to follow AUS</p> <p><i>Update is a clarification of current guidance and is effective immediately</i></p>		
12.19.24	V33	Updated Additional Guidelines Specific to the Expanded Plus Program to revise Forbearance guidance and add guidance for Loan Modifications	Kristen Bellon	<i>Pending</i>
12.9.24	V32	Updated Additional Guidelines Specific to the Expanded Plus Program to specify PUDtels are an ineligible property type. Update is effective for loans locked on or after 12.13.24	Kristen Bellon	<i>Pending</i>
11.25.24	V31	Updated Chapter removing references to guidelines for loans locked prior to 10.7.24	Kristen Bellon	-
10.7.24	V30	<ul style="list-style-type: none"> Updated several sections to defer to the AUS and applicable current Agency selling guide Added the assignment of a purchase contract is not eligible unless the transferor is a family member and there is no change to the purchase price Removed the continuity of obligation requirements Changed the delayed financing requirements to align with the applicable current Agency selling guide requirements Removed contract for deed/land contract as an ineligible transaction type Added the averaging of credit scores to determine eligibility is not allowed Updated the mortgage history requirements to 0X30X12 and 0X60X24 Updated the rental history requirements to 0X30X12 Clarified that modifications that were not the result of a distress situation are not subject to waiting periods Added income produced or in relation to federally prohibited activities is not allowed Added business assets must be accompanied by a CPA letter confirming 	Kristen Bellon	<i>Pending</i>

		<p>that the withdrawal of the funds from the business will not harm the financial strength of the business</p> <ul style="list-style-type: none"> Added shared appreciation loans as an ineligible transaction type Appendix A Summary of Program Overlays section deleted in its entirety <p>Updates are effective with loans locked on or after 10.7.24</p>		
10.7.24	V30	<p>Added under the Additional Guidelines Specific to the Expanded Plus Program:</p> <ul style="list-style-type: none"> Added additional guidance to the Continuity of Obligation section Added Mortgage/Rental Housing History requirements Updated seasoning date for Delayed Financing exception from our Note date to TRID Application date <p>Updates are effective immediately</p>	Kristen Bellon	<i>Pending</i>
9.19.24	V29	<p>Added Interest Only feature to Cardinal Jumbo AUS product</p>	Ellen Clayson	-
8.29.24	V28	<p>Added under the Additional Guidelines Specific to the Expanded Plus Program:</p> <ul style="list-style-type: none"> Added section K-1 Recent Conversion providing guidance for when the borrower has been recently converted to receiving K-1 compensation (such as promotion to partner in a law firm) Removed reference for W2 transcript under Borrowers Employed by a Family Member Guidance is effective immediately 	Kristen Bellon	<i>Pending</i>

6.17.24	V27	<p>Added under the Additional Guidelines Specific to the Expanded Plus Program, all changes are effective for loans locked on or after 6.14.24:</p> <ul style="list-style-type: none"> Funds required to payoff unseasoned second liens (closed end <12 months, HELOC <12 months or draws more than \$2,000 in the past 12 months) must be considered in the total of cash out proceeds. Cash in hand, plus the amount to payoff the 2nd lien, cannot exceed the maximum cash out proceeds allowed. Added guidance for Non-Occupant Co-Borrowers Updated Tax Transcripts requirements to clarify tax transcripts obtained for personal tax returns are required when tax returns are used to document the borrower's income, or any loss, and must match the documentation in the loan file. Clarified secondary validation requirements for Salaried Borrowers and those receiving Social Security Income 	Kristen Bellon	Complete
3.14.24	V26	<p>Updates under the Additional Guidelines Specific to the Expanded Plus Program:</p> <ul style="list-style-type: none"> Added Business Funds section specifying eligibility and documentation requirements when business funds are being used for funds to close Updated Delayed Financing section referring to Business Funds requirements when funds use to acquire the subject property came from the borrower's self-employed business Added ineligibility of resale restricted properties, except those subject to age-related requirements Added requirement for Tax Payment Plans that only one tax payment plan is allowed Added requirements for documenting K-1 income when borrower has less than 25% ownership in a business Changes are effective for locks dated on or after 3.22.24 	Kristen Bellon	e

2.14.24	V25	Added requirements for Carbon Monoxide and Smoke Detector Standards depending on property construction and appraisal type	Ellen Clayson	
2.8.24	V24	Added Maximum Number of Financed Properties section to the Additional Guidelines Specific to the Expanded Plus Program section specifying a maximum loan exposure of \$8,000,000 is applicable for loans locked on or after 2.9.2024	Kristen Bellon	
1.3.24	V23	<ul style="list-style-type: none"> • Updated requirement for two appraisals to state a second appraisal is required for loan amounts over \$2,000,000 • Removed Tenants in Common as an eligible ownership type • Amended the forbearance requirements to apply to all financed properties (previously only applied to Primary Residence) • Added Modifications to the derogatory credit event requirements • Amended to require a lease agreement when documenting rental payment history • Added virtual currency as unacceptable income • Updated Third-Party Appraisal Review process 	Kristen Bellon	
12.20.23	V22	Added additional guidance for Delayed Financing under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
12.20.23	V23	Added Texas a(6) and f(2) transactions are eligible under a 30-year fixed term only	Kristen Bellon	
12.5.23	V21	Clarified that if tax returns or tax transcripts are required, only U.S. documents are eligible. U.S. Territory or foreign tax returns are not eligible	Ellen Clayson	
10.2.23	V20	Added Short-Term Rental Income section specifying in addition to Agency requirements, qualifying income from short-term rental properties is not eligible in any of the boroughs	Kristen Bellon	

		of New York City under the Additional Guidelines Specific to the Expanded Plus Program		
9.12.23	V19	Updated ARM Qualification details for the Cardinal Jumbo AUS and Cardinal Jumbo AUS Expanded programs	Kristen Bellon	
8.25.23	V18	Added guidance for a Code 10 Rejection to the Tax Transcript section under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
4.5.23	V17	Added additional guidance to Cash-out Refinance transactions to specify if an existing first mortgage is being paid off through the transaction, it must be at least 12 months old at the time of refinance, as measured by the Note date of the existing loan to the Note date of the new loan	Kristen Bellon	
3.3.23	V16	Added additional guidance related to Forbearance under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
3.1.23	V15	Non-warrantable and Condotel properties are now an eligible property type on Expanded Plus	Ellen Clayson	
2.23.23	V14	Added eligibility for Texas Equity (a)(6) under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
2.9.23	V13	Updated Third Party Appraisal Review section to provide guidance for field review results greater than 10% to the Additional Guidelines Specific to the Expanded Plus Program section	Kristen Bellon	
1.24.23	V12	Added Condotels as an eligible property type on Expanded Plus (COMING SOON)	Ellen Clayson	
12.29.22	V11	Added Non-Warrantable Condos as an eligible property type on Expanded Plus (COMING SOON)	Ellen Clayson	
12.2.22	V10	Added mortgage late payments or significant derogatory credit will require a satisfactory signed letter of explanation under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	

12.2.22	-	Added Borrowers Employed by a Family Member section under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
12.2.22	-	Added additional requirement for a Profit and Loss / Balance Sheet when tax returns are filed after 3/31 of the current year under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
12.2.22	-	Added Unacceptable Reserves section under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
12.2.22	-	Added Unacceptable Source of Funds section under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
12.2.22	-	Added Illinois Land Trust section under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
11/15/22	V9	Added for properties identified by the appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirements. A CDA is required for all properties in declining markets under the Additional Guidelines Specific to the Expanded Plus Program	Kristen Bellon	
11/15/22	-	Added Age of Appraisal under the Additional Guidelines Specific to the Expanded Plus Program section	Kristen Bellon	
7/28/22	V8	Updated Third Party Appraisal Review section-update is not applicable to the Expanded Plus Third Party Appraisal Review guidance	Kristen Bellon	
7/14/22	V7	Added secondary validation when income is documented via either a Social Security Benefit Award Letter or a 1099 is required under the Additional Guidelines Specific to the Expanded Plus Program section	Kristen Bellon	
6/22/22	V6	Clarified acceptable documentation for Verification of Rent	Kristen Bellon	
6/16/22	V5	Added clarification for Secondary Self-Employment Income under the Additional Guidelines Specific to the Expanded Plus Program section	Kristen Bellon	

6/1/22	V4	Updated guidance for loans in Forbearance under the Additional Guidelines Specific to the Expanded Plus Program section	Kristen Bellon	
6/1/22	V4	Added Subordinate Financing under the Additional Guidelines Specific to the Expanded Plus Program section	Kristen Bellon	
5/27/22	V3	Added guidance for use of Virtual Currency under the Additional Guidelines Specific to the Expanded Plus Program section Added clarification that Non-Applicant Title Holder assets are not an eligible source of funds	Kristen Bellon	
4/4/22	V2	Added Expanded Plus guidelines	Ellen Clayson	
1/1/22	-	Created Guide	Ellen Clayson	