

About this Document

This document provides an overview of the recent changes made to Product Guidelines, the Lending Guide, and Product Snapshots. For the effective date of each revision, refer to the applicable Lending Guide Chapter or Product Snapshot.

April 25, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Provided clarification from Fannie Mae relating to income received from a 1099 and reported on a Schedule C. *This is a clarification and effective immediately*

Chapter 11 | Condo, PUD and Cooperative Project Approval | Conventional Lending Guide

- Added Freddie Mac Cooperative section

Chapter 13 | VA | Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature **Riptide** color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 14 | USDA | Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature **Riptide** color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 16 | Insurance | Lending Guide

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Chapter 18 | Mortgage Insurance | Lending Guide

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Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added acceptable documentation types to verify mortgage payment history
- Clarified a private VOM is not acceptable
- *Updates are effective as of 4.17.24*

Retail & TPO Product Snapshot | Freddie Mac CHOICERenovation and CHOICEReno eXPress

- Added guidance and product codes for Temporary Buydowns

Retail Product Snapshot | Fannie Mae HomeStyle

- Added guidance and product codes for Temporary Buydowns

Retail Product Snapshot | Freddie Mac Conforming Fixed & Adjustable Rate Mortgage, Freddie Mac Super Conforming and Freddie Mac Home Possible

- Added Cooperatives as an eligible property type

Retail Product Snapshot | Redwood Select Jumbo

- Updated Second Home Eligibility increasing maximum loan amounts for Purchase and Rate and Term
- Added \$1 over conforming/high balance refers to ARMs and 15 Year transactions only
- Added ARM/15Yr cap at \$2,500,000.
- Removed Declining Markets Policy
- Updated Business Funds to remove the 2x reserve requirements when using Business Funds for reserves
- Updated Business Funds to increase the max LTV/CLTV from 65% to 75% when using Business Funds for reserves
- Updated reserve requirements for Second Home transactions to allow for the \$2,500,000 loan amount
- Updated Profit and Loss to allow Profit & Loss from CPA audited/not audited, and borrower prepared as acceptable

Changes are effective with lock dates on or after 4.15.24

Retail Product Snapshot | Redwood Select 90 Jumbo

- Removed Declining Markets Policy note
- Updated language for Profit & Loss statements

- Revised guidance for Restricted Stock and Stock Options

Changes are effective with lock dates on or after 4.15.24

Retail Product Snapshot | Redwood Select AUS Jumbo

- Removed Declining Markets Policy
- Updated VOR requirements as tied to First Time Homebuyers only
- Added RSU Income as eligible based on Fannie or Freddie requirements
- Updated language for Profit & Loss statements

Changes are effective with lock dates on or after 4.15.24

Retail Product Snapshot | Redwood Choice Jumbo

- Removed Declining Markets Policy
- Updated Business Funds for Reserves section to remove the 2x reserve requirement and increase max LTV/CLTV from 65% to 75%
- Updated Restricted Stock and Stock Option section
- Updated language for Profit & Loss statements

Changes are effective with lock dates on or after 4.15.24

Retail Product Snapshot | Redwood Choice Expanded Jumbo

- Removed Declining Markets Policy
- Updated Business Funds for Reserves section to remove the 2x reserve requirement and increase max LTV/CLTV from 65% to 75%
- Updated Restricted Stock and Stock Option section
- Updated language for Profit & Loss statements

Changes are effective with lock dates on or after 4.15.24

Retail Product Snapshot | Redwood Bank Statement Jumbo

- Added note to cap First-Time Homebuyer max loan amount at \$1,500,000
- Updated First-Time Homebuyer restrictionsAdded ITIN as Ineligible borrower
- Updated DTI section to remove 75% LTV overlay and updated First-Time Homebuyer max DTI of 45%
- Updated LTV/CLTV section to include calculations based on ownership seasoning and tie into cash out requirements
- Updated Rate and Term calculation based on 6 months seasoning
- Updated Delayed Purchase Refinance as eligible to meet Fannie Mae guidance
- Updated Assets section, increased stock accounts usage from 70% to 75%

- Updated Business funds to include CPA letter or Balance Sheet or Cash flow to use business funds to close
- Updated gift funds to allow 100% gift funds for primary residence, removed donors' ability from requirements
- Updated reserve requirements, reduced minimum reserves from 6-12 months to 3-9 months
- Updated Declining Markets Policy to reduce from 10% to 5% for LTVs over 65%
- Updated guidance for properties recently listed for sale

Changes are effective with lock dates on or after 4.15.24

April 18, 2024

Chapter 9 | Assets | Conventional Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature *Riptide* color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature *Riptide* color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 11 | Condo, PUD and Cooperative Project Approval | Conventional Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature *Riptide* color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix
- Added the following updates for Condominium, PUD and Cooperative Insurance Policies. *These updates are effective with TRID application date on or after 6.1.24, but may be applied immediately*
 - Clarified Insurance must cover 100% of the insurable replacement cost of project improvements, including common elements and the individual units for condo and cooperative projects, *as of the current insurance policy effective date*
 - Clarified that in addition to policies that provide for claims to be settled on an actual cash value basis, policies that limit , depreciate, reduce or otherwise settle losses at anything other than replacement cost basis are not acceptable
 - Removed coinsurance requirements

- Included details for covered perils under the 'Broad' Coverage form
- Added clarification that The HOA operating reserve accounts must include funds to cover the
- deductible amounts for the HOA

Chapter 12 | Credit | FHA Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature **Riptide** color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 16 | Insurance | Lending Guide

Added the following updates for Fannie Mae and Freddie Mac loans. *These updates are effective with TRID application date on or after 6.1.24, but may be applied immediately*

- Clarified that in addition to policies that provide for claims to be settled on an actual cash value basis, policies that limit, depreciate, reduce or otherwise settle losses at anything other than replacement cost basis are not acceptable
- The lender and servicer are responsible for verifying that the coverage amount meets requirements *as of the current insurance policy effective date*
- Removed coinsurance requirements

Retail Product Overlay Matrix & TPO Product Overlay Matrix

- Revised overlay topics to more accurately reflect loan characteristics, parameters or documentation not permitted by Cardinal (no changes to guidelines or policy were made). Removed all direction that is not an overlay to Agency guidelines

April 11, 2024

Chapter 2 | Documentation Standards | Lending Guide

- 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)*

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

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Chapter 8 | Employment and Income | Conventional Lending Guide

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Chapter 9 | Assets | Conventional Lending Guide

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Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated Freddie Mac requirements for Manufactured Homes to allow for only one certification to evidence a Manufactured Home is built in compliance with the Federal Manufactured Home Construction and Safety Standards, by either the HUD Data Plate or the HUD Certification Label(s), except for a new Manufactured Home, which requires evidence of both. *Changes are effective immediately*
- Updated Transferred Appraisal section stating that the appraisal may not be expired at the time of the transfer. *Changes are effective immediately*

Chapter 14 | USDA | Lending Guide

- Added guidance under Borrower Eligibility for Acceptable Citizenship or Immigration Status. 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)*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Unacceptable Appraisal Practices section. *Changes effective immediately*

Retail and TPO Product Overlay Matrix

- Added Adjustable Rate Mortgages (ARMs) are restricted for properties in Washington DC for Conventional, FHA and VA transactions. *Changes effective immediately*

April 4, 2024

Chapter 2 | Documentation Standards| Lending Guide

- Updated the Tax Documentation Policy and applicable Tax Documentation sections with 2023 Tax Year requirements - *changes effective immediately*
- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature *Riptide* color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 6 | Credit | Conventional Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature *Riptide* color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added additional guidance under Business Debt in Borrower's Name outlining the requirements for documenting the business paid the debt, along with guidance for identifying the debt in the cash flow analysis of the business. *This is a clarification and effective immediately.*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added tax year 2023 mileage reimbursement rate - *changes effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added tax year 2023 mileage reimbursement rate - *changes effective immediately*

Chapter 13 | VA | Lending Guide

- Added additional guidance under Business Debt in Borrower's Name outlining the requirements for documenting the business paid the debt, along with guidance for identifying the debt in the cash flow analysis of the business. *This is a clarification and effective immediately.*

Chapter 14 | USDA | Lending Guide

- Added tax year 2023 mileage reimbursement rate - *changes are effective immediately*
- Added additional guidance under Business Debt in Borrower's Name outlining the requirements for documenting the business paid the debt. *This is a clarification and effective immediately*
- Removed Housing as an Eligible Compensating Factor for a Debt Ratio Waiver request for GUS refer findings. *This update aligns with USDA and is effective immediately*

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Updated State and Federal High-Cost Loans section removing the high cost test exception for loans that comply with the NY Bank Law (New York Subprime). Cardinal is unable to support this exemption at this time
- *Changes are effective immediately*

March 28, 2024

Chapter 12 | Credit | FHA Lending Guide

- Added eligibility for Adjustable Rate Mortgages (ARM's) 3/1 and 5/1. Updated Net Tangible Benefit section with details related to ARM's. *This update is effective for loans locked on or after 3.21.2024*
- Added Business Credit Report section clarifying for manually underwritten loans, a business credit report must be obtained for all Corporations and 'S' Corporations (not required for Partnerships or Sole Proprietorship). Included detailed guidance on how to analyze the report and provided examples of the report and how to read Risk and Score determinations. *Changes are effective as of 3.25.24*

Chapter 13 | VA | Lending Guide

- Added eligibility for Adjustable Rate Mortgages (ARM's) 3/1 and 5/1.
- *This update is effective for loans locked on or after 3.21.24*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Year-Round Use Requirements section for Second Home occupancy specifying the accessibility to the home will depend on AUS engine used to underwrite the loan
- Added clarification to Primary Residence and Investment properties that homes must be suitable for year-round use and display marketability
- *Update is effective for loans locked on or after 4.3.24*

All FHA and VA Retail and TPO Snapshots

- Updated to reflect eligibility for 3/1 and 5/1 Adjustable Rate Mortgages (ARM's)

March 21, 2024

Chapter 2 | Documentation Standards| Lending Guide

- 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. *Changes are effective as of 3.15.24*
- Added Pending Litigation section adding guidance for when the borrower is party to a lawsuit. *Changes are effective as of 3.15.24*

Chapter 3 | Automated Underwriting | Conventional Lending Guide

- Indicated Cardinal Overlays to agency guidelines by highlighting text in our signature **Riptide** color. Overlays correspond to Cardinal Retail Overlay or TPO Overlay Matrix

Chapter 4 | Eligible Transactions | Conventional Lending Guide

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Chapter 8 | Employment and Income | Conventional Lending Guide

- Added guidance for Borrower Relocating with the Same Employer. *Changes are effective as of 3.14.24*
- Updated the Trust Income section with guidance from Freddie Mac outlining new requirements when using Trust Income to qualify which includes updates to History of Receipt and Documentation Requirements. *Changes are effective with Note date on or after 4.1.24*
- Added definition of Departure Residence. *This is a clarification and effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added guidance for Borrower Relocating with the Same Employer - *Changes are effective as of 3.14.24*
- Added definition of Departure Residence. *This is a clarification and effective immediately*

Chapter 13 | VA | Lending Guide

- Added guidance for Borrower Relocating with the Same Employer - *Changes are effective as of 3.14.24*
- Added clarification that a manually underwritten loan with borrower living rent free must include a Rent-Free letter - *Changes are effective immediately*
- Added definition of Departure Residence. *This is a clarification and effective immediately*

Chapter 14 | USDA | Lending Guide

- Added guidance for Borrower Relocating with the Same Employer. *Changes are effective as of 3.14.24*
- Added new table and additional guidance for New Property Inspections and Exhibits splitting out requirements for Stick Built and Manufactured Homes. *Changes are effective for loans with Conditional Commitments dated on or after 4.1.24*

Chapter 16 | Insurance | Lending Guide

- Updated required coverage calculations for VA and USDA to be the lowest of the outstanding principal balance or maximum available coverage from NFIP. *This is a clarification and is effective immediately.*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updates under the Additional Guidelines Specific to the Expanded Plus Program:
 - Added Business Funds section specifying eligibility and documentation requirements when business funds are being used for funds to close and reserves
 - 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 deed/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*

Retail and TPO Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Fannie Mae

- Updated to allow the maximum loan term on a cash-out refinance for a multi-width manufactured home to be 30 years

Retail and TPO Product Snapshot | Conventional High Balance & Super Conforming

- Updated to allow the maximum loan term on a cash-out refinance for a multi-width manufactured home to be 30 years

Retail and TPO Product Snapshot | Fannie Mae Manufactured Home (MH) Advantage

- Updated to allow the maximum loan term on a cash-out refinance for a multi-width manufactured home to be 30 years

Retail Product Snapshot | Cardinal Jumbo AUS Expanded Plus

- 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 deed/resale restricted properties, except those subject to age-related requirements
- *Changes are effective for locks dated on or after 3.22.24*

March 14, 2024

Chapter 9 | Assets | Conventional Lending Guide

- Added Pooled Funds section splitting out guidance for Fannie Mae and Freddie Mac. Information was previously listed within the Gift Funds section
- *Changes are a clarification and effective immediately*

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added cooperative as an eligible property type for TPO
- *Changes are effective as of 3.7.24*

Chapter 12 | Credit | FHA Lending Guide

- Added clarification surrounding the use of a second appraisal on a property flip resale occurring between 91 - 180 days after acquisition

- *Changes are a clarification and effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added clarification surrounding the use of a second appraisal on a property flip resale occurring between 91 - 180 days after acquisition
- *Changes are a clarification and effective immediately*

Chapter 13 | VA | Lending Guide

- Added clarification and guidance for use of the Lender and Borrower Completion Certification available in Octane. This form may be used in certain circumstances in lieu of the 1004D
- *Changes are a clarification and effective immediately*

Chapter 14 | USDA | Lending Guide

- Added Appraisal Photographs section to clarify the photograph requirements for appraisals
- Removed Windmills and Cell Towers from the list of income producing attributes related to the property and added guidance for residential properties that house minimal income producing features
- Extended validity date of the water analysis report from 150 to 180 days
- Added additional clarification under Accessory Dwelling Units and aligned language with the HB 1-3555 (no changes to policy)
- Added additional clarification under Flood Insurance to align language with the HB 1-3555 (no changes to policy)
- *Changes are effective for loans with Conditional Commitments dated on or after 4.1.24*

Chapter 16 | Insurance | Lending Guide

- Updated the Maximum Deductible Amount for Flood Insurance for USDA loans to specify for TRID Application Date on or after 4.1.24, the maximum deductible amount may not exceed the NFIP Maximum of \$10,000

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Condo Project Approval section removing Freddie Mac Reciprocal Review as an ineligible review type
- *Changes are effective as of 3.12.24*

Retail Product Snapshot | Truist Jumbo Fixed

- Added Pooled Funds as an eligible asset type. *Changes are effective for loans locked on or after 3.8.24*
- Expanded Eligible Asset section to include acceptable asset types

TPO Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Fannie Mae

- Added cooperative as an eligible property type
- *Changes are effective as of 3.7.24*

TPO Product Snapshots | Fannie Mae HomeReady

- Added additional guidance for cooperatives

Third Party Origination | Product Snapshot | Conventional High Balance & Super Conforming Fixed

- Added cooperative as an eligible property type under the FNMA High Balance section
- *Changes are effective as of 3.7.24*

March 7, 2024

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Moved Fannie Mae Cooperative Share guidelines to Chapter 11 | Condo, PUD and Cooperative Project Approval | Conventional Lending Guide
- *Changes effective with casefiles issued on or after of 2.7.24*
 - Updated Fannie Mae Value Acceptance + PDR to permit condos (attached and detached)
 - Removed references to “C6 condition and Q6 quality”
 - Removed “property data collection to be obtained after the initial DU offer”
- Added clarification for FNMA Value Acceptance+PDR and Freddie Mac ACE+PDR that if AUS issues the Value Acceptance or ACE + Property Data Report (PDR) and a subsequent run of AUS issues a Value Acceptance / ACE only (no PDR), the Value Acceptance/ACE is not eligible if the PDR has been completed. The loan must be delivered with the completed Property Data Report

Chapter 11 | Condo, PUD and Cooperative Project Approval | Conventional Lending Guide

- Moved Fannie Mae Cooperative Share guidelines from Chapter 10 | Property and Appraisal Requirements

Chapter 13 | VA | Lending Guide

- Added sections Borrower Employed Less than 12 months and Recent History of Frequent Changes of Employment to align with guidance from VA

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Foreign Assets section outlining requirements for use of assets from a foreign account
- Removed the Rental Income – Accessory Dwelling Unit (ADU) on Subject Property restriction
- Clarified hand-written or typed WVOE forms are not acceptable
- Added lease agreements cannot be used to document rental income - previously guideline stated that lease agreements with terms less than 12 months could not be used to document rental income
- *Changes are effective as of 3.1.24*

Chapter 22 | Construction & Renovation | Lending Guide

- Added clarification to One-Time Close product that if a Builder's Risk Policy is being used, it must indicate the premium amount and a paid in full invoice is required prior to closing
- *Changes are a clarification and effective immediately*

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- *Effective for locks on or after 2.26.24, numerous revisions published by investor:*
 - Prime Ascent Plus: NY Subprime loans ineligible
 - Prime Ascent: FICO score and LTV changes; Alt Doc WVOE and P&L FICO score, LTV and loan amount changes; Alt Doc P&L added Tax Attorney as an eligible preparer
 - DSCR: FICO score, LTV and loan amount changes; long-term and short-term guideline changes
 - Foreign National: Long-term and short term guideline changes
 - CBSA: Removed areas
 - Solar Panels: Updated criteria for owned and leased and PACE will require proof of payoff
 - Non-Permanent Resident Alien clarifications
 - Foreign National: Added OFAC checks for sanctioned countries
 - Cash-Out Refinance: Re-defined seasoning as the time difference between the note date of the existing loan and the note date of the subject loan

- Listing Seasoning: Clarified that it only applies to cash out refinances
- Non-Arm's Length: Removed restriction limiting to full doc only for sale between family members and reduced canceled check requirements from 24 months to 12 months when renters are purchasing from landlord
- Fraud Report and OFAC checks: Clarified participants who should be checked on the reports
- Revolving Debt: Accounts delinquent 30 days or longer do not need to be brought current for DSCR loan programs
- Authorized User Accounts: Added section stating that these obligations should not be considered in the borrower's DTI ratio
- Asset Documentation: Funds held jointly with another "individual" are considered 100% of the borrowers funds; added ineligible assets 529 Savings Plan and funds contributed by a non-borrowing spouse unless documented as a gift
- Gift Funds: 100% gift funds allowed for Prime Ascent using Standard Doc 12- or 24-month and Alt Doc 12- or 24-month Bank Statement programs with max 80% LTV; gift letter no longer needs to include the date the gift funds were transferred; gift of equity allowed for primary residence only.
- Standard Doc Wage/Salary Income: FNMA WVOE Form 1005 is now eligible for standard income documentation when used in conjunction with pay stub and W2s for breakdown of overtime, commission or bonus income
- Employment Offers or Contracts: Cannot be from a family member or interested party
- Non-Taxable Income: Child support income may be grossed up 25% and Social Security income may be grossed up 15%
- Alt Doc P&L: If preparer does not complete or file the most recent business tax return, then most recent 2 months business bank statements are required for most recent 2 months on the P&L
- Ineligible Properties: Added properties with nonresidential, income-producing structures on premises and updated existing criteria for agricultural, healthcare facilities, log homes and rural
- Condominiums: Verus maximum exposure required for projects greater than 4 units and updated master insurance requirements

Retail Product Snapshot | VA Purchase

- *Effective for locks on or after 3.6.24*
 - Added loan amounts to \$2,500,000 with minimum FICO 700 and AUS approval and 6 months reserves required

February 29, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added guidance under Self-Employed Income specific to FNMA to allow an alternative method outside of the Quick or Current ratio test to support business liquidity: *Effective 2.28.24*

Chapter 12 | Credit | FHA | Lending Guide

- Updated the Temporary Employment section with guidance from FHA removing the requirement for a two year history employed in that line of work. Provided clarification on when continuance must be documented: *Effective 2.26.24*
- Added clarification in existing Handbook from FHA that a non-occupant co-borrower may not be a non-permanent resident alien

Retail Product Snapshot | Truist Jumbo Fixed

- *Effective for loans locked on or after 2.23.24:*
 - Expanded guidance for charges made to credit cards in association with loan closing costs
 - Added signature loans, unsecured borrowed funds and gifts from an ineligible donor to the Unacceptable Sources of Down Payment/ Assets section
 - Removed gift funds as an eligible source of reserves
 - Added Earnest Money Deposit section providing guidance for Earnest Money and Deposit on Sales Contract
- Note: Section 2.06 Key Loan Standard product guidelines available on the investor's site have been updated with several clarification and changes to eligible asset types

February 22, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification and definition of an audited profit and loss statement

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Clarified interior photograph requirements specifying photos of the main living areas should include gathering rooms and the basement photos should include both finished and unfinished areas

Chapter 12 | Credit | FHA | Lending Guide

- Added clarification and definition of an audited profit and loss statement

Chapter 13 | VA | Lending Guide

- Provided clarification in the Proposed/Under Construction section for the Builder Radon Certification and the completion of the Notice of Value

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added additional guidance under Deed Restricted Properties to help identify where a restriction can be found
- Clarified Affordable LTV/Deed Restrictions that terminate at foreclosure are ineligible
- Added Down Payment Assistance Programs (DPA) to the Ineligible Feature topic

Retail Cardinal Jumbo AUS Prime Product Snapshot

- Updated Ineligible Product Features to include Down Payment Assistance Programs (DPA) including those sponsored by federal, state or local governments, or private nonprofit organizations

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Revised Prime Ascent Asset Utilization to lower the FICO score to 640 and the asset calculation to 60 months
- Revised Alt Doc Income Requirements- Profit and Loss section to clarify that a CPA / EA / CTEC must attest they have reviewed, or prepared the borrower's most recent tax return; previously required the CPA / EA / CTEC must attest they prepared the borrower's most recent tax return

Retail Product Snapshot | BankUnited Jumbo Fixed & ARM

- Added Rapid Rescore/FICO Refresh or Credit Supplements are not acceptable if the change from the initial credit report pertains to payoff OR pay down of revolving debt; they are acceptable for changes to the initial credit report that correct errors in the report

Retail and TPO Product Snapshots | Fannie Mae HomeReady and Freddie Mac Home Possible Mortgages

- Added the availability of two new Cardinal Financial grants which provide a \$2,500 credit for very low-income purchase borrowers (VLIP) to be used towards down payment and closing costs

Retail and TPO Product Snapshots | Freddie Mac Home Possible Mortgages

- Discontinuing the Freddie Mac BorrowSmart VLIP Grant program for locks made on or after February 16th, 2024

February 15, 2024

Chapter 6 | Credit | Conventional Lending Guide

- Expanded the list of non-traditional credit references to account for various examples of housing payments

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Revised requirements for Carbon Monoxide and Smoke Detector Standards depending on property construction and appraisal type

Chapter 12 | Property and Appraisal Requirements | FHA | Lending Guide

- Added requirements for Carbon Monoxide and Smoke Detector Standards depending on property construction and appraisal type

Chapter 13 | VA | Lending Guide

- Added direction under the Cash-out Refinance section for manufactured homes which have not yet been de-titled and are showing as an installment loan on the credit report
- Added requirements for Carbon Monoxide and Smoke Detector Standards depending on property construction and appraisal type

Chapter 14 | USDA | Lending Guide

- Added requirements for Carbon Monoxide and Smoke Detector Standards depending on property construction and appraisal type

Chapter 16 | Insurance | Lending Guide

- Added National Flood Insurance Program Lapse section which provides guidance from FNMA in case of a NFIP lapse

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- 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
- Added requirements for Carbon Monoxide and Smoke Detector Standards depending on property construction and appraisal type

February 8, 2024

Chapter 2 | Documentation Standards| Lending Guide

- Updated Tax Documentation Requirements Salaried Borrower(s) – Conventional, FHA, and VA Transactions section to reflect the 2023 tax year for W-2 statement requirements

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added Non-occupant co-borrower on a cash-out refinance transaction for Freddie Mac loans as an Ineligible Transaction; clarified all borrowers must occupy the mortgaged premises when the mortgage is a cash-out refinance mortgage secured by a primary residence

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Updated the Non-Occupant Co-Borrower section to specify Freddie Mac will not permit a non-occupant co-borrower on a cash-out refinance transaction, all borrowers must occupy the mortgaged premises

Chapter 12 | Credit | FHA | Lending Guide

- Added additional guidance under Business Debt in Borrower's Name outlining the requirements for documenting the business paid the debt, along with guidance for identifying the debt in the cash flow analysis of the business

Chapter 14 | USDA | Lending Guide

- Added guidance for Temporary Buydowns

Chapter 18 | Mortgage Insurance | Lending Guide

- Updated Eligible MI Premium Payment Plans to specify Split MI is ineligible

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added guidance for Temporary Interest Rate Buydowns

Retail Product Snapshot | BankUnited Jumbo Fixed & ARM

- Added the requirement that the Flood Certificate indicating the Flood Zone for the project (vs. unit) is required for all condo and cooperative projects

Retail Product Snapshot | Republic Bank Portfolio and Jumbo ARM

- Updated the maximum loan amount to \$756,550 under the Portfolio ARM product

Retail and TPO Product Snapshots | USDA Purchase

- Added guidance for Temporary Buydowns

Retail Product Snapshot | One-Time Close Construction Loan | FHA

- Updated Eligible Property section to allow tear-downs
- Added clarification to the Calculating Maximum Mortgage Amount section that any liens attached to the property where the borrower already owns the land that is not associated strictly to the land acquisition cannot be paid off with our loan proceeds

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Added product codes for Investment properties on Prime Ascent Plus and Prime Ascent products. *New codes are effective for locks on or after 2.8.24. Standard product codes for an Investment property can be requested from the Lock Desk from 12.8.23 to 2.7.24.*

February 1, 2024

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added Prohibited Use of Subjective Language or Appraiser's Bias section

Chapter 12 | Credit | FHA | Lending Guide

- Added clarification under Satisfactory Credit that delinquent property taxes, when not escrowed, do not need to be analyzed as part of an acceptable housing payment history

Chapter 14 | USDA | Lending Guide

- Updated guidance for ineligible income indicating Marijuana / Cannabis Income is an unacceptable type, regardless of state law. This applies to income derived from both W2 and Self-Employment sources
- Added direction that the Services Systematic Alien Verification for Entitlements (SAVE) application through GUS will no longer be available as of April 1st, 2024

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated documentation requirements for Lease Agreements used to support Rental Income

Retail Product Snapshot | One-Time Close Construction Loan | Conventional

- Updated Eligible Property section to allow 2-units for primary residence and investment transactions and added Attached Planned Unit Development (PUD) and Attached Townhomes that are not in a condominium project
- Added clarification that for a refinance transaction, loan proceeds cannot be used to pay off an existing loan that is not associated with the lot purchase.

Retail Product Snapshot | One-Time Close Construction Loan | VA

- Updated Eligible Property section to allow tear-downs

January 25, 2024

Chapter 13 | VA | Lending Guide

- Updated Commission Income section to clarify documentation requirements

Chapter 19 | Jumbo Core | Lending Guide

- Product has been Discontinued

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added additional acceptable citizenship documentation under the Non Permanent Resident Alien section
- Added additional guidelines for Deed Restricted Properties
- Updated tax year under the Tax Transcripts Not yet Available section

Retail Product Snapshot | Jumbo Core

- Product has been Discontinued

Retail Product Snapshot | Truist Jumbo Fixed

- Updated Housing History Late Payments to clarify when a mortgage payment is classified as late

January 18, 2024

Chapter 2 | Documentation Standards| Lending Guide

- Added Employer's Contact Information section providing direction to source the employer's contact information used to complete the Verification of Employment

Retail & TPO Product Snapshots Fannie Mae Manufactured Home (MH) Advantage

- Updated with Temporary Buydown guidelines and product codes

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Updated prepayment penalty information to specify penalties not allowed on loan amounts less than \$312,159 in PA

January 11, 2024

Chapter 2 | Documentation Standards| Lending Guide

- Updated OFAC Sanctioned Countries list with additional countries

Chapter 12 | Credit | FHA | Lending Guide

- Added guidance for rental income derived from an Accessory Dwelling Unit (ADU) throughout the Chapter to align with FHA ML 2023-17
- Added additional clarity around reserve requirements

Chapter 12 | Property and Appraisal Requirements | FHA | Lending Guide

- Added definition of Accessory Dwelling Unit (ADU). Added Optional Accessory Dwelling Unit Market Rent Analysis and Comparable Selection for Optional Accessory Dwelling Unit Market Rent Analysis sections providing guidance for appraisal requirements when rental income is derived from an ADU

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- 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

Chapter 22 | Construction & Renovation | Lending Guide

- Added Rental Income Received from the Subject Property One-Unit with an Accessory Dwelling Unit under the FHA 203(k) Loan Program section

Retail and TPO Product Snapshots Cardinal Jumbo AUS

- Updated requirement for two appraisals to state a second appraisal is required for loan amounts over \$2,000,000
- Updated Reserve Requirements
- Updated Minimum Loan Amount
- Updated Debt to Income Ratio to 45% for all products
- Updated LTV/CLTV matrices
- Updated Third-Party Appraisal Review process

Retail and TPO Product Snapshots Cardinal Jumbo AUS Expanded

- Updated requirement for two appraisals to state a second appraisal is required for loan amounts over \$2,000,000
- Updated Reserve Requirements
- Updated Minimum Loan Amount
- Updated LTV/CLTV matrices
- Updated Third-Party Appraisal Review process

Retail and TPO Product Snapshots FHA 203(k) Standard

- Added additional Eligible Improvements to include Accessory Dwelling Unit addition and renovation

January 4, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Variable Income section to include guidance for Fluctuation Hours. Broke out Fannie Mae and Freddie Mac guidelines

Retail Product Snapshot | Redwood Select Jumbo

- Increased Maximum Loan Amount to \$3,000,000 for Purchase and Rate/Term Refinance Transactions on a Primary Residence, one-unit, with loans locked on or after 1/2/2024

Retail Product Snapshots | Redwood Select 90 Jumbo, Redwood Choice Jumbo, Redwood Choice Expanded Jumbo

- Removed overlay capping land to value at 35% for subject properties with acreage between 10-20 or 10-40 acres
- Revised Assets section to reflect 100% of retirement assets eligible be used for reserves from the original haircut of 60% and 70% based on retirement age
- Updated Rental Income from Departure Residence requirements (Redwood Select 90 and Choice Jumbo only)
- Update Trust Income adding 24 months and requirement for adherence to FNMA policy

December 28, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Non-Taxable Income section to reflect changes to Fannie Mae guidance for documentation requirements related to Child Support and Social Security Income
- Updated One-Year Tax Return Eligibility section indicating for casefiles created on or after 1/1/2024, DU will issue a message permitting only one year of personal federal tax returns if the loan application indicates the borrower is self-employed with an ownership share of 25% or more, and the Start Date for all self-employed businesses is at least five years prior to the Casefile Create Date
- Updated Restricted Stock Unit (RSU) Income section with guidance from Fannie Mae

Chapter 12 | Credit | FHA | Lending Guide

- Updated Non-Subject Property Mortgage Debt not in Borrower's Name section with clarification that the taxes, insurance and HOA dues of a non-subject property where the borrower is on title, but not on the Note, do not need to be included in the qualifying ratios

Chapter 14 | USDA | Lending Guide

- Added minor clarifications to the Balloon and Deferred Payments, PITI Ratio and Total Debt Ratio sections

Chapter 17 | Title Insurance Requirements | Lending Guide

- Updated title policy requirements to reflect 2021 ALTA Policy where 2006 ALTA Policy was previously reflected

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Non-Occupant Co-Borrower section indicating Cash-out Refinance Transactions for a Primary Residence are not permitted with Note date after 3.6.24 when AUS engine is LPA

December 21, 2023

Chapter 11 | Condo and PUD Project Approval | Conventional Lending Guide

- Added additional guidance under Project Assessment Request (PAR) section for projects with a Not Eligible Status (set to be released by Freddie Mac February 26, 2024). Added guidance for when there are changes to PAR findings

Chapter 13 | VA | Lending Guide

- Added Purchase Contract section with clarification that only those borrowers listed on the loan application can be signers on the Purchase Contract

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added additional guidance under Refinance Delayed Financing section
- Added Texas a(6) f(2) transactions are eligible under a 30-year fixed rate term only

Retail Product Snapshot | Cardinal Jumbo AUS Expanded Plus

- Added guidance under First Time Homebuyer guidelines for construction-to-permanent transactions
- Added additional guidance under Refinance Delayed Financing section
- Added Texas a(6) f(2) transactions are eligible under a 30-year fixed rate term only

December 14, 2023

Retail Product Snapshot | U.S. Bank Jumbo Fixed and U.S. Bank Jumbo ARM

- Added any income paid to or earned by the borrower in the form of virtual currency is not eligible to be used
- Updated Student Loan section with requirements for loan repayment calculations
- Clarified Income from investment in a publicly traded Real Estate Investment Trust (REIT) is not included as a 1-4 family investment property income

December 7, 2023

Chapter 10 | Property and Appraisal Requirements

- Added Warranty of Completion of Construction section specifying for proposed or newly constructed properties where the appraisal report was completed "subject to completion per plans and specifications," the Warranty of Completion of Construction may be completed to confirm completion of construction

Chapter 12 | Credit | FHA | Lending Guide

- Added additional clarification for Trust Income requiring the income continue for three years from the Note Date. Added requirement for evidence of one month's receipt of the income prior to the Note date
- Added additional guidance for omission of business paid debt under the Business Debt in Borrower's Name section

Chapter 13 | VA | Lending Guide

- Updated Collections and Charged-off Accounts section to include guidance for Medical and Non-Medical collection accounts applicable for loans with TRID Application Date on or after January 1, 2024

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- 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.

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Removed Homestead Tax Exemption section and added Taxes- Subject Property section providing guidance on real estate taxes used for qualification

November 30, 2023

Chapter 11 | Condo and PUD Project Approval | Conventional Lending Guide

- Updated the Project Assessment Request (PAR) section with details regarding an enhanced capability in Condo Project Advisor called Project Certified

Retail Product Snapshot | One-Time Close Construction Loan | FHA

- Clarified property eligibility requirements when property is located in a flood zone and the need for an Initial Elevation Certificate and Final Elevation Certificate.

November 23, 2023

Chapter 2 | Documentation Standards| Lending Guide

- 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

Chapter 9 | Assets | Conventional Lending Guide

- Added guidance for funds from a Community Savings Fund

Chapter 12 | Credit | FHA | Lending Guide

- Revised Borrower With No Credit Scores / Non-Traditional Credit section removing limited unit count and additional reserves and added clarification that all manual underwriting guidelines must be met
- Added guidance for funds from a Private Savings Club

Chapter 13 | VA | Lending Guide

- Added clarification that assets from a Private Savings Club are considered ineligible funds for use in the transaction

Chapter 14 | USDA | Lending Guide

- Added guidance for assets from a Private Savings Club

Chapter 22 | Construction & Renovation | Lending Guide

- Clarified flood insurance coverage requirements and documentation for One-Time and Two-Time Close products

Resource | Government Loan Seasoning Requirements

- Revised requirements surrounding Modification Agreements; VA loans require the Modification Agreement regardless of age but Non-VA is required only if recorded modification is within 24 months of the TRID Application Date.

Retail Product Snapshot | Truist Jumbo Fixed

- Updated calculation guidance for HELOC's when considering the debt as part of the borrower's monthly obligation

Retail and TPO Product Snapshot | CHOICERenovation and CHOICEReno eXPress

- Added Primary Residence 2-4 unit Super Conforming eligibility
- Clarified that installing a manufactured home to a permanent foundation is an ineligible use of mortgage proceeds

Jumbo Comparison Matrix

- Added summaries of Recast Option Guidelines for each investor

November 16, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Removed chart under Self-Employment Required Documentation section and added direction to refer to the applicable snapshot or lending guide chapter

Chapter 6 | Credit | Conventional Lending Guide

- Updated Timeshare Charge Offs or Foreclosures section aligning Fannie Mae and Freddie Mac guidance

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Continuity of Income section and broke out income continuance guidance for Fannie Mae and Freddie Mac

Chapter 10 | Property and Appraisal Requirements

- Added additional guidance under Unacceptable Appraisal Practices

Chapter 12 | Credit | FHA | Lending Guide

- Added additional guidance to Self-Employment Required Documentation; clarified self-employment must be documented and evaluated in accordance with standard guidance in all cases

Chapter 13 | VA | Lending Guide

- Added additional guidance under Analyze Income Derived from Self-Employment section; clarified self-employment must be documented and evaluated in accordance with standard guidance in all cases, added guidance for self-employment as a secondary source of employment, self-employment from co-borrower not used to qualify and self-employment with business ownership less than 25%

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Rolled out IRS Form 1099, CPA/EA Profit and Loss Statement and Written Verification of Employment alternative documentation levels for Prime Ascent

Retail and TPO Product Snapshots | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Fannie Mae

- Updated maximum LTV to 95% for 2-4 unit principal residence purchase and limited cash-out transactions applicable to DU Version 11.1 loan casefiles submitted or resubmitted on or after 11.18.23

Retail and TPO Product Snapshots | Fannie Mae HomeReady

- Updated maximum LTV to 95% for 2-4 unit principal residence purchase and limited cash-out transactions applicable to DU Version 11.1 loan casefiles submitted or resubmitted on or after 11.18.23

Retail and TPO Overlay Matrix

- Clarified for VA transactions for Rental Income on a non-subject property with limited or no history of rental income, PITI may not be offset by a lease agreement; does not apply to the veteran's departure residence

November 9, 2023

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Freddie Mac guidance for student loans in income-driven repayment plans

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification under Employment Offers or Contracts that the Offer or Contract cannot be for employment by a family member or interested party to the transaction

Chapter 10 | Property and Appraisal Requirements

- Updated Site Utilities section with clarification regarding private utilities. Removed guidance related to Private Well and Source of Hauled Water

Chapter 12 | Credit | FHA | Lending Guide

- Added guidance for fiance/fiancee who may be considered a close family friend when determining gift donor eligibility

Chapter 12 | Property and Appraisal Requirements | FHA | Lending Guide

- Updated guidance for comparable home sales under the Fannie Mae MH Advantage or Freddie Mac CHOICEHome section

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Named Insured section clarifying at least one borrower on the mortgage loan must show as the insured on Hazard and Flood insurance policies
- Clarified Non-U.S.Citizen documentation requirements and ineligible VISA/EAD types

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Florida condominium: removed maximum LTV reduction of 5%; structural inspection required for projects greater than 5 stories and over 30 years old (or 25 years if within 3 miles of the coast)
- Prime Ascent Standard and Bank Statement allows up to a maximum LTV/CLTV 90% for condominium primary residence purchase; all other transactions revert to published guideline of max 85% LTV/CLTV
- Maximum LTV and loan amounts revised for condotel properties
- Prime Ascent Asset Utilization - lowered minimum FICO to 660 and removed max DTI of 43%
- State/CBSA list revised
- Non-permanent resident alien borrower guidelines revised to remove specific VISA types, added requirement of either an EAD or VISA that permits employment and added guidance for asylum borrowers
- Foreign National -removed VISA requirement as only a passport is required; removed alternative tradeline requirements; added wire transfer option for assets held in a foreign account; dropped reserves from 12 months to 6 months; Canadian citizen second home guidelines are not eligible on a correspondent loan.
- Non-occupant co-borrower - removed 5% LTV reduction; limited to primary purchase transactions; Standard Documentation required for all borrowers
- First-time homebuyers max DTI 43% and max 80% LTV if documented 12-month rental history is not present
- Subordinate financing is not eligible from a private-party
- Housing payment history must be paid current as of 45 days of the loan application date
- Clarification of mortgage verification requirements
- Added trust accounts to eligible assets
- Clarified documentation for Income - Standard Documentation
- Added guidance for Bank Statement Income documentation
- Updated guidelines for Asset Utilization eligibility for first-time homebuyers and income documentation
- DSCR guidelines revised for refinance transactions and property is unleashed; short term rental guidelines clarified
- Appraisal Evaluation section updated
- Condominium section updated

November 2, 2023

Chapter 12 | Credit | FHA | Lending Guide

- Added overlay to require a loan exception review for borrowers employed by family less than six months

Chapter 13 | VA | Lending Guide

- Added guidance for borrowers employed by family. Added overlay to require require a loan exception review for borrowers employed by family less than six months

Chapter 14 | USDA | Lending Guide

- Added guidance for borrowers employed by family. Added overlay to require require a loan exception review for borrowers employed by family less than six months

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added guidance for 3-D homes when loans are underwritten utilizing DU

Retail Product Snapshot | Redwood Select, Select 90, Choice and Choice Expanded Jumbo

- Added cooperatives as an eligible property type

Jumbo Comparison Matrix

- Added cooperatives as an eligible property type to Redwood Select, Select 90, Choice and Choice Expanded Jumbo

October 26, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated FNMA Rental Income section to include:
 - Added additional details for documenting rental income used for qualifying
 - Aligned the use of rental income that can be considered for qualifying purposes for non-subject rental properties that have become rental properties within the last 12 months with that of rental income earned from the subject property
 - Clarified that the borrower must have a primary housing expense and at least a one-year history of property management experience to use the full amount of rental income towards qualifying
 - Clarified the treatment of rental income when multiple rental properties are owned
 - Amended documentation requirements for lease agreements

- Updated Fannie Mae guidance for Trust Income; changes to guidance are effective for applications taken on or after 11.1.2023
- Added guidance for newly established SSI Award Benefit

Chapter 12 | Property and Appraisal Requirements | FHA | Lending Guide

- Added guidance for cash-out refinance transactions when the property is a Manufactured Home

Chapter 13 | VA | Lending Guide

- Clarified procedures related to funding fee exemption determinations

Chapter 14 | USDA | Lending Guide

- Added Obtaining Credit section which outlines the process for certification used to determine applicants do not meet the requirements to obtain a traditional conventional credit loan
- Clarified applicants that have been excluded from a non-housing federal program continue to be eligible to participate in the SFHGLP, unless the individual becomes suspended or debarred pursuant to 3 CFR Part 180 and 417. Clarified applicants that are excluded from federal housing programs or excluded from all federal programs are ineligible to participate in SFHGLP. Clarified which individuals are to be checked against the LDP/GSA lists

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Student Loan Debt section

Retail Cardinal Jumbo AUS Prime Product Snapshot

- Added clarification for cash-out proceeds

Retail Product Snapshot | Redwood Select Jumbo

- Revised Rental Income - Departing Primary Residence to follow Fannie Mae guidelines
- Revised language in Trust Income to reflect Fannie Mae requirements as tied to fixed or variable trust income payments
- Revised Asset section to reflect 100% of retirement assets are eligible for reserves
- Removed Redwood overlay capping land to value at 35% for subject properties with acreage between 10-20 acres

Retail Product Snapshot | Redwood Select AUS Jumbo

- Added minimum 680 credit score, 70% LTV to \$1,000,000 Primary Residence purchase / rate term refinance

- Reduced minimum credit score for Primary Residence purchase/rate term refinance 2-unit from 720 to 700 for loan amounts < \$1,000,000
- Reduced minimum credit scores for all Second Home transactions from 740 to 720
- Increased maximum DTI from 45% to 49.99%
- Removed Redwood overlay capping land to value at 35% for subject properties with acreage between 10-40 acres

Resource | Rental Income Matrix

- Updated instances in which rental income may be considered for FNMA transactions

October 19, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification for History of Receipt of Alimony, Child Support and Separate Maintenance Income. Added clarification under Proof of Receipt and Stability outlining which documents are acceptable to document receipt of the income
- Updated Length of Self-Employment section to clarify the underwriter may consider an exception for a borrower who has been self-employed less than two (2) years, as long as the borrower's most recently signed personal and business federal income tax returns reflect a full year (12 months) of self-employment income from the current business
- Updated Rental Income section for Freddie Mac to include:
 - Removing the requirement that a lease must have a minimum original term of one year
 - Specifying that for newly executed leases, the first rental payment due date must be no later than the first payment due date of the Mortgage
 - Updating documentation requirements for receipt of two months' rental income to require evidence that the payments were cashed or deposited into the Borrower's depository account at a financial institution or transferred into a third-party money transfer application account owned by the Borrower
 - Permitting documentation of receipt of the security deposit plus first month's rental payment, in lieu of receipt of two months' rental payments
 - Removing the appraisal requirement that at least one comparable sale must have an ADU that is rented, when rental income generated from an ADU on a subject 1-unit Primary Residence is used to qualify the Borrower
 - Reformatting the documentation requirements table for rental income generated from an ADU on subject 1-unit Primary Residence "no cash-out" refinance transactions

Chapter 10 | Property and Appraisal Requirements

- Added Mixed Use Properties and Refinances as Ineligible Transaction for Freddie Mac Desktop Appraisals
- Updated Manufactured Home guidance to allow either a HUD Data Plate or HUD Certification Label from previous guidance requiring both documents

Chapter 12 | Property and Appraisal Requirements | FHA | Lending Guide

- Added guidance for Determining Connection Feasibility when the subject property Water or Septic is not connected to a public system

Chapter 16 | Insurance | Lending Guide

- Added an additional tool for obtaining Replacement Cost Value for Hazard and Flood insurance coverage

Retail Product Snapshot | Flagstar Doctor Loan

- Added requirement for Reserves that when borrowers have financed properties in addition to the subject property, an additional 6 months PITIA reserves are required for each property
- Added clarification that Reduce MI is not available

Retail Product Snapshot | Truist Jumbo Fixed

- Updated the Declining Market section to include the requirement for a LTV reduction when the property is deemed to be located in a declining market as noted by the appraiser

October 12, 2023

Chapter 14 | USDA | Lending Guide

- Added guidance for a Deficiency Balance under the Foreclosure or Repossession section. Added clarification that the seasoning period for a foreclosure or repossession begins on the date in which the title transferred from the applicant
- Added clarification under the Social Security Income section that benefits paid on behalf of an individual who is not the borrower must be documented to continue for three years

- Updated guidance for “Business Accounts” and “Depository Accounts” to state that lenders must use the balance as reflected on the most current bank statement or Verification of Deposit (VOD), if the date on the VOD is after the bank statement, for reserves
- Added Reserves section
- Added section Credit Inquiries, Recent Debts and Undisclosed Debts. Added guidance that for undisclosed debts not listed on the loan application but discovered during the mortgage loan application process must be manually entered into GUS
- Added guidance for Overdraft fees to the Non-Sufficient Funds (NSFs) section
- Added language to Chapter 11, 12 or 13 Bankruptcy section to clarify that for GUS Refer, Refer with Caution, and manually underwritten files with plans dismissed less than 12 months, a credit exception is required. Added additional guidance under Plan in Progress GUS Accept Files/ Accept with Full Documentation
- Added guidance that a Previous USDA loss which resulted in a loss paid by the Federal government within seven years is considered significant derogatory credit and requires submission to the Agency
- Under the Federal Taxes section, added guidance when the borrower has more than one repayment plan with the IRS
- Added additional guidance under Housing History for Gus Refer, Refer with Caution findings. Added guidance for All Guaranteed Loans outlining the underwriter’s responsibility to evaluate applicants who will pay a higher proposed mortgage payment in comparison to the current housing

October 5, 2023

Chapter 6 | Credit | Conventional Lending Guide

- Updated chapter removing reference to the Temporary Operational Policy and Procedure document

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated chapter removing reference to the Temporary Operational Policy and Procedure document

Chapter 14 | USDA | Lending Guide

- Updated Gift Funds Documentation section to clarify that Gift funds may not be contributed from any source that has an interest in the sale of the property (seller, builder, real estate agent, etc.)
- Updated 4506-C Transcript Processing section removing guidance that any adult household members that do not have a Social Security Number, I-TIN number, or other identification to confirm they are legal U.S. residents to enable the lender to submit a 4506-C request may render the application ineligible
- Added additional guidance under Net Family Assets section that if applicants own a business, the lender needs to verify that assets are not transferred from a personal account to a business account and vice versa
- Added GUS Instructions section under rental income; Unless manually overwritten, GUS auto-calculates net rental income by employing a 25% vacancy factor

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- 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 of New York City under the Additional Guidelines Specific to the Expanded Plus Program

Retail and TPO Product Snapshots | USDA Purchase

- Updated with new USDA Fiscal Year (FY) dates beginning October 1st, 2023 and ending on September 30th, 2024

Retail and TPO Product Snapshots | USDA Refinance

- Updated with new USDA Fiscal Year (FY) dates beginning October 1st, 2023 and ending on September 30th, 2024

September 28, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Added clarification for acceptable documentation under the Newly Employed Borrower section

Chapter 13 | VA | Lending Guide

- Added clarification when 2106 Business Expenses must be considered for certain service members

Chapter 14 | USDA | Lending Guide

- Added Eligibility guidance for the new Eligibility Area Maps available on the USDA Income and Property Eligibility site effective October 1st, 2023

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated ARM Qualification details
- Removed all COVID-19 Temporary Overlays
- Updated Federal Tax Installment Agreement guidance to clarify agreements pending IRS approval are not permitted
- Added Verification of Employment – Self-Employed with LTV >80% section

September 21, 2023

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated Freddie Mac requirements concerning the allowable use of proceeds from a “no cash-out” refinance to specify that the payoff of the existing first mortgage may include a balance deferred under a loss mitigation plan and any costs or fees associated with the satisfaction and release of the first mortgage, such as late fees and prepayment penalties
- Updated cash-out refinance guidance related to seasoning requirements and vesting in an LLC or LP for Freddie Mac transactions
- Updated guidance for Freddie Mac Cash-out Refinance mortgages secured by manufactured housing to state one borrower must be on title to the subject property for at least 6 months for properties owned free and clear

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Qualifying Interest Rate section to allow ARMs with adjustment terms greater than 5 years to be qualified using only the Note rate
- Updated Student Loan repayment guidance for Freddie Mac transactions

Chapter 9 | Assets | Conventional Lending Guide

- Updated guidance for personal gifts and gifts of equity to allow an acceptable donor who is also the seller of the subject property to be eligible if they are not affiliated with another interested party to the transaction

- Update guidance for Fannie Mae transactions to allow gift funds to be sourced from an estate of an acceptable donor or a trust established by an acceptable donor

Chapter 12 | Credit | FHA | Lending Guide

- Updated guidance in Community Property Debt Handling to clarify that delinquent student loans of a non-borrowing spouse that have not turned into a collection or judgment do not need to be resolved or paid in full
- Updated Expected Income section to clarify definition of Guaranteed
- Added clarification under Subject Property Mortgage Debt not in Borrower's Name that the loan must meet Payment History Requirements if it is manually underwritten

All Retail and TPO Conforming Fixed and Adjustable Rate Mortgage (ARM) Fannie Mae and Freddie Mac Product Snapshots

- Updated Qualifying Rate section changing the qualifying rate for 7/6 and 10/6 ARMs from the higher of the Note rate plus 2% or fully indexed rate, to the Note rate

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Updated the AirDNA overview report used for Short-Term Rental Income guideline to show a Numeric Score must reflect a value 60 or higher (previously required a letter grade B or greater)

Retail and TPO Product Snapshots | USDA Purchase

- Updated Income section with guidance for the new Eligibility Area Maps available on the USDA Income and Property Eligibility site effective October 1st, 2023

Retail and TPO Product Snapshots | USDA Refinance

- Updated Income section with guidance for the new Eligibility Area Maps available on the USDA Income and Property Eligibility site effective October 1st, 2023

September 14, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added Section Schedule F Farm Income and income calculation requirements

Chapter 10 | Property and Appraisal Requirements

- Added Purchase as eligible transaction type for ACE + PDR for Freddie Mac/LPA loans

Chapter 11 | Condo and PUD Project Approval | Conventional Lending Guide

- Updated Projects in Need of Critical Repairs section to clarify project review requirements and to provide guidance for projects with material deficiencies, deferred maintenance and/or special assessments
- Added requirements for mandatory use of the Homeowner's Association Certification - Limited Review for all limited or streamlined review projects effective with TRID application dates on or after 9.18.23

Chapter 12 | Credit | FHA | Lending Guide

- Removed guidance related to the Mortgage Credit Reject (MCR) process. The MCR screen in FHAC will no longer be available beginning September 11, 2023

Chapter 12 | Property and Appraisal Requirements | FHA | Lending Guide

- Added guidance under Single Unit Approval Project Submission Process to specify a project Budget is required in addition to the HUD 9991 form

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updated ARM Qualification details for the Cardinal Jumbo AUS and Cardinal Jumbo AUS Expanded programs

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added additional guidance under Deed Restricted Properties to include the allowance of second homes and investment properties only when the restriction is an age-related deed/resale restriction, detailed guidance for Age Related Restrictions, and Lien Position and Title Considerations
- Added the following as Ineligible Product Features:
 - Deed/Resale restrictions that contain provisions that require the first mortgage holder to send a notice of default or foreclosure to any third party including the zoning authority or local jurisdiction
 - Deed Restrictions that negatively impact marketability or are considered prejudicial (such as, restrictions based on buyer's marital status, race, religion, etc.)
 - Deed restrictions on second home or investment property (with exception of age-related deed/resale restrictions)

All Retail and TPO FHA Product Snapshots and Overlay Matrices

- Removed guidance related to the Mortgage Credit Reject (MCR) process. The MCR screen in FHAC will no longer be available beginning September 11, 2023

Retail and TPO Cardinal Jumbo AUS Product Snapshots

- Updated ARM Parameters for loans locked on or after 8/21/2023

Retail and TPO Cardinal Jumbo AUS Expanded Product Snapshots

- Updated ARM Parameters for loans locked on or after 8/21/2023

September 7, 2023

Chapter 12 | Credit | FHA | Lending Guide

- Updated guidance for Canceling and Reinstating Case Numbers
- Clarified language concerning rental income for Properties owned less than two years
- Provided additional guidance under Foreign Income

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Insurance section for Condominium Projects
- Added Exception for FHA Insurance Requirements under Single-Unit Approval section
- Added additional guidance under Stationary Storage Tanks to specify tank capacity of *more than* 1,000 gallons
- Added guidance under Transferred Appraisals for an existing appraisal completed for a different Borrower

Chapter 13 | VA | Lending Guide

- Removed requirement for a lien search for a non-borrowing spouse with no Social Security number

Chapter 14 | USDA | Lending Guide

- Removed requirement for a lien search for a non-borrowing spouse with no Social Security number

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Updated Housing Payment History to 0x30x12 for Prime Ascent Standard and Prime Ascent Alternative Documentation programs

Retail Product Snapshot | One-Time Close Construction Loan | Conventional

- Added Unique Properties to Eligible Property Type section with note that they must meet eligibility requirements per Fannie Mae guidelines

August 31, 2023

Chapter 2 | Documentation Standards | Lending Guide

- 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

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Defined Relative in the Power of Attorney section

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Tax Liability (Federal or State Income Taxes) section with additional clarification under Delinquent and Non-Delinquent Tax Liabilities

Chapter 12 | Credit | FHA | Lending Guide

- Defined Relative in the Power of Attorney section
- Updated Individual Water Supply System section with additional guidance related to Requirements for Water Well Testing. Updated Dug Wells, Cisterns or Holding Tanks section to provide clarification related to MPR's

Chapter 13 | VA | Lending Guide

- Defined Relative in the Power of Attorney section
- Updated AUS Income Documentation chart removing requirement for 12 months receipt of Alimony/Child Support/Separate Maintenance when AUS recommendation is a Refer

Chapter 14 | USDA | Lending Guide

- Defined Relative in the Power of Attorney section

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added guidance for a Code 10 Rejection to the Tax Transcript section under the Additional Guidelines Specific to the Expanded Plus Program

August 24, 2023

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated Temporary Interest Buydowns to permit manufactured homes for FNMA/DU loans

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Retirement, Government Annuity, and Pension Income section to more closely align with requirements for Fannie Mae and Freddie Mac

Chapter 10 | Property and Appraisal Requirements and related Snapshots

- Removed Freddie Mac requirement for single-width manufactured homes that the Manufactured Home must have a date of manufacture that is 10 years or less as of the effective date of the appraisal
- Added Wind Load, Roof Load and Thermal Zones section which provides details of zones displayed on the HUD Data Plate. Added requirement that the zone must be verified as acceptable by the Underwriter

Chapter 12 | Credit | FHA Lending Guide

- Updated the Employment History Using Schooling section to provide additional guidance related to acceptable education and training when using as part of a two-year employment history

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Wind Load, Roof Load and Thermal Zones section which provides details of zones displayed on the HUD Data Plate. Added requirement that the zone must be verified as acceptable by the DE Underwriter

Chapter 13 | VA | Lending Guide

- Updated IRRRL Borrower Eligibility for Married Veteran (excluded spouse from initial transaction) to permit an IRRRL transaction when the new transaction includes the Veteran's spouse
- Added Wind Load, Roof Load and Thermal Zones section which provides details of zones displayed on the HUD Data Plate. Added requirement that the zone must be verified as acceptable by the Underwriter

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification when a property is owned free and clear, associated taxes, homeowners' insurance and HOA fees (when applicable) need to be verified, documented and included in the DTI

Retail and TPO Product Snapshot | Conforming Fixed ITIN | Fannie Mae & Freddie Mac

- Updated removing National MI as an eligible Mortgage Insurance provider

August 17, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Updated Acceptable Third-Party Employment Verification Vendors section with current vendors

Chapter 9 | Assets | Conventional Lending Guide

- Added clarification under Interested Party Contributions that contributions from commission earned by a real estate agent who is a relative of the borrower are considered an Interested Party Contribution and are subject to IPC limits

Chapter 16 | Insurance | Lending Guide

- Added link to [Hazard Insurance Coverage Calculator](#) when using Option 2 to determine sufficient coverage; added section Steps to Calculate the Amount of Required Property Insurance Coverage for Option 2 along with Examples
- Reformatted Flood Insurance section for ease in reading. Added link to [Flood Insurance Coverage Calculator](#). Clarified documentation to determine Replacement Cost Value for a flood policy

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification that the AUS feedback results may indicate Ineligible on rate/term refinance transactions when cash back exceed \$2,000 on DU transactions

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Added clarification that the AUS feedback results may indicate Ineligible on rate/term refinance transactions when cash back exceed \$2,000 on DU transactions

August 10, 2023

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated Second Home section to specify if the distance between locations is less than 25 miles (previously 50), support for the reason to acquire and occupy the subject as a second home must be obtained

Chapter 12 | Credit | FHA Lending Guide

- Added acceptable documentation to support the borrower's occupancy as a tenant under Maximum LTV Exceptions section

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification under Individual Homeowner Policy Requirements for refinance transactions
- Updated guidance for the use of Trust Income
- Added clarification that Medical Collection Accounts do not need to be paid off or brought current
- Added FNMA U FHA Approved Condo and Freddie Mac Reciprocal Review as ineligible Condo Warranty types
- Updated Secondary Appraisal Valuation requirements

Product Snapshot | BankUnited Jumbo Fixed & ARM

- Updated maximum loan amount to not exceed \$3,000,000

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Updated guidance for the use of Trust Income

- Added clarification that Medical Collection Accounts do not need to be paid off or brought current
- Updated Secondary Appraisal Valuation requirements

Retail Product Snapshot | Freddie Mac CHOICERenovation & Freddie Mac CHOICEReno eXPress

- Added 5/6, 7/6 and 10/6 SOFR ARM options for Home Possible programs

Resource | Rental Income Matrix

- Subject Property 2-4 Unit Primary section revised, as follows:
 - Purchase
 - Own Yes > Investment History No > Freddie Mac > Yes
 - Rent Yes > Investment History Yes > Freddie Mac > Yes
 - Rent Yes > Investment History No > Freddie Mac > Yes
 - Own/Rent No > Investment History No > Freddie Mac > Yes
 - Refinance
 - Own Yes > Investment History No > Freddie Mac > Yes

August 3, 2023

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated Continuity of Obligation section to specify for FNMA loans with TRID Application Date on or after September 1, 2023, at least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application

TPO Product Snapshot | VA Purchase and Refinance

- Effective for locks on or after August 1, 2023, added requirement for two (2) months cash reserves in addition to required residual or compensating factors for Manually Underwritten loans with non-traditional credit or credit scores < 620
- Defined compensating factors to be used on all loans with DTI > 41%

Retail Product Snapshot | VA Purchase and Refinance

- Defined compensating factors to be used on all loans with DTI > 41%

Retail and TPO Product Snapshots | FHA 203(k) Standard

- Revised the maximum draw amount that can be disbursed at closing for materials

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Added Interest Only program codes and guidelines

Retail Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Fannie Mae

- Added overlay to Family Advantage product that rental income on a non-subject primary residence that is a 2-4 unit may not be considered in our transaction

Retail Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Freddie Mac

- Added overlay to Family Advantage product that rental income on a non-subject primary residence that is a 2-4 unit may not be considered in our transaction

TPO Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Fannie Mae

- Added overlay to Family Advantage product that rental income on a non-subject primary residence that is a 2-4 unit may not be considered in our transaction

TPO Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Freddie Mac

- Added overlay to Family Advantage product that rental income on a non-subject primary residence that is a 2-4 unit may not be considered in our transaction

BankUnited Jumbo Fixed & ARM | Product Snapshot

- Added 1031 Exchange as an ineligible transaction, regardless of occupancy type

July 27, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Added Authorized Signer section

Chapter 10 | Property and Appraisal Requirements

- Added Cooperative Share Loans section

Chapter 12 | Credit | FHA Lending Guide

- Added further clarification for Cash-out Refinance Transactions secured on a manufactured home, what documentation is eligible to confirm the home was permanently installed for 12 months prior to the case number assignment
- Added clarification for subordinate financing under the Maximum LTV/CLTV section

Chapter 14 | USDA | Lending Guide

- Added clarification that lenders are not authorized to close loans prior to the issuance of the Conditional Commitment
- Expanded definition of Manufactured Homes
- Updated several topics within the Manufactured Home section; replaced Building Requirements topic with Authorized Loan Purposes, added manufactured homes with a manufactured date exceeding 12 months of the purchase agreement contract are ineligible, added information on how to obtain an alternative to the original HUD Certification Label

Retail and TPO Product Snapshots | FHA Purchase and Refinance

- Added Subordinate Financing Restrictions chart under Secondary Financing section outlining eligible LTV/CLTV based on secondary financing provider

Retail and TPO Product Snapshots | FHA Section 247 Department of Hawaiian Home Lands

- Added Subordinate Financing Restrictions chart under Secondary Financing section outlining eligible LTV/CLTV based on secondary financing provider

Retail and TPO Product Snapshots | FHA 203 (h) Mortgage Insurance for Disaster Victims

- Added Subordinate Financing Restrictions chart under Secondary Financing section outlining eligible LTV/CLTV based on secondary financing provider

July 20, 2023

Chapter 12 | Credit | FHA Lending Guide

- Added clarification for gaps in employment within the most recent 6 months

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Updated loan amounts and LTV/CLTV for several programs
- Updated State/CBSA table - Removed Alaska, Montana, Tennessee, Utah from state list. Added Sevierville, TN and Heber, UT to list of CBSA
- Added Ohio to ineligible list of states for a prepay penalty
- Prime Ascent - Standard Doc & Alt Doc: Updated Housing history to 1x30x12
- Investor Solutions - DSCR: Reduced minimum DSCR from 1.5 to 1.25 for loan balances under \$150K
- Investor Solutions - DSCR: Increased max LTV for a non-perm resident to 75%. Added L-1A visa as eligible
- Removed 5% LTV reduction for First Time Investor under DSCR
- First Time Home Buyer - Remove minimum credit score of 680 for eligibility
- Made additional clarifications throughout document including:
 - Clarified requirement for assets held by a foreign bank with a US branch
 - Removed reference to non-occupant co-borrower under qualifying with US credit
 - Listing Seasoning - Requirements now apply to any refinance transaction (previously only applicable to Cash-out transactions)
 - Collections - Removed \$10,000 cap for medical collections
 - Clarified access to retirement funds only required if funds needed for downpayment and closing costs
 - Other Income - Pension/Retirement/Annuity - Updated 401K/IRA distributions
 - Bank Statement - Restrictions - Clarified requirements to verify existence of business
 - Bank Statement Income - Clarified eligible deposits when using personal bank statements
 - Eligible Assets under Asset Utilization
 - Added cash value of life insurance

- Added US Treasuries with maturity < 1-year to checking/savings/money market
- DSCR - Long Term Rents
 - Clarified if the actual rents exceed the market rent by more than 120%, use the 120% cap amount for eligibility
 - Add clarification that if unable to provide 2-months proof of receipt for a lease that has been converted to month-to-month, the property will be treated as vacant/unleased. Subject to 5% LTV reduction and use market rent from 1007
- Short Term Rentals
 - Clarified when to utilize the 20% extraordinary expense factor versus actual expenses if provided on statements
- Disaster areas - Clarified a 3rd party PDI is required, the 1004D is only used by an appraiser for re-inspection
- Clarified Florida condo statute applies to projects of 3-stories or greater

July 13, 2023

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added Undisclosed Obligation section to define, identify sources where the obligation may be found, and what documentation is required

Chapter 12 | Credit | FHA Lending Guide

- Added clarification for Cash-out Refinance Transactions that if the subject is a manufactured home, it must be permanently affixed and the home and site must exist together as a real estate entity in accordance with state law for 12 months prior to the case number assignment
- Added Undisclosed Obligation section to define, identify sources where the obligation may be found, and what documentation is required

Chapter 13 | VA | Lending Guide

- Added Undisclosed Obligation section to define, identify sources where the obligation may be found, and what documentation is required

Chapter 14 | USDA | Lending Guide

- Added Undisclosed Obligation section to define, identify sources where the obligation may be found, and what documentation is required

Chapter 22 | Construction and Renovation Lending Guide

- Added Homeowners Association approval of the plans and specifications for all new construction in a PUD for the One-Time Close products.

Retail Product Snapshot | One-Time Close Construction | Conventional, FHA and VA

- Effective for new locks on or after July 5, 2023:
 - DTI overlays removed for borrowers with construction periods of 4 and 6 months from 45% to the DTI that AUS permits
 - FHA minimum credit score lowered from 620 to 580
 - VA minimum credit score lowered from 600 to 580

Retail Product Snapshot | Freddie Mac CHOICERenovation & Freddie Mac CHOICEReno eXPRESS

- Added 5/6, 7/6 and 10/6 SOFR ARM options

July 6, 2023

Chapter 12 | Credit | FHA Lending Guide

- Added Multiple Units with Designated Commercial Use section providing direction related to self-sufficiency rental income calculations

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Multiple Units with Designated Commercial Use section providing direction related to self-sufficiency rental income calculations

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Individual Homeowner Policy Requirements section with clarification that the Homeowner's Policy must name all persons holding title to the property for both FNMA (DU) and Freddie Mac (LPA)
- Added clarification under Third Party Appraisal review that a secondary valuation is required when No Score is returned with the SSR

June 29, 2023

Chapter 4 | Eligible Transaction | Conventional Lending Guide

- Updated guide for Fannie Mae Limited Cash-out to include the payoff of any deferred balance from a prior loss mitigation, and shared appreciation associated with a subordinate community lending second mortgage

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated the Tax Liability section breaking out requirements for Delinquent Tax Liability for prior tax year and Non-Delinquent Tax Liability for current tax year

Chapter 12 | Credit | FHA Lending Guide

- Added Gift of Equity from a Trust or Estate section

Chapter 13 | VA | Lending Guide

- Added guidance per [Circular 26-22-11](#) that the Veteran may be a charged wood destroying pest inspection fee where required by the NOV. Veterans may also pay for any repair required to ensure compliance with MPR's
- Added clarification that loans with more than two veteran borrowers cannot be supported by DU and will require a manual downgrade

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Tax Return Requirements section which provides assistance in determining what tax year is considered the most recent when identifying eligible documentation
- Updated guidance for Federal Tax Installment Agreements to allow one-month on time payment made prior to closing, updated from three months
- Added guidance for VOE requirement when borrowers have less than 25% ownership as evidenced on the K-1 statement

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Updated guidance for Federal Tax Installment Agreements to allow one-month on time payment made prior to closing, updated from three months

U.S. Bank Portfolio Resource Document

- Updated link for Section 714 Portfolio Underwriting Guidelines which contains recent changes to RSU Income documentation and calculation requirements

June 22, 2023

Chapter 6 | Credit | Conventional Lending Guide

- Updated Loan Quality Initiative Report Process table with clarification related to New Derogatory Credit

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added Capital Gain as an income type which must be documented to continue for Freddie Mac transactions under the Defined Expiration Date According to Income Type section

Chapter 12 | Credit | FHA Lending Guide

- Added Adjusted Value section to define the term for purchase and refinance transactions

Chapter 13 | VA | Lending Guide

- Added guidance for income received on a Per Diem basis

June 15, 2023

Chapter 2 | Documentation Standards | Lending Guide

- 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.

June 8, 2023

Chapter 4 | Eligible Transaction | Conventional Lending Guide

- Added clarification in Eligible Non-arm's Length Transactions regarding company employees being prohibited from having multiple roles in a single loan transaction
- Added clarification that model-home leaseback to the builder is an ineligible non-arm's length transaction

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Removed guidance within Tax Abatement section and included link to Chapter 10 Property and Appraisal Requirements which houses additional direction
- Updated guidance under Freddie Mac Mortgage Assumptions for omitting the payment from the debt to income ratios when the borrower has not been released from the mortgage liability

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added guidance for income received on a Per Diem basis

Chapter 10 | Property and Appraisal Requirements

- Added additional guidance under Tax Exemptions and Abatements
- Added clarification under Transferring Appraisals when the property is completed 'subject-to' and requires a 1004D for repairs
- Updated Appraisal Waiver section with FNMA guidance for Appraisal Acceptance plus Property Data Report. Broke out Fannie Mae and Freddie Mac guidance. Clarified the appraisal waiver is termed Value Acceptance for Fannie Mae and ACE for Freddie Mac

Chapter 12 | Credit | FHA Lending Guide

- Added clarification from FHA relating to funds from a title holder or non-title holder spouse that is not a borrower. A large deposit originating from a spouse that is not a borrower must be input and classified as a Gift and referenced as a Gift in the Automated Underwriting System
- Added clarification that Per Diem pay is not an eligible income source and may not be used
- Added guidance for income derived from Notes Receivable

Chapter 13 | VA | Lending Guide

- Added clarification under Rental Income for the Subject property that a contract from a Property Management Company used in lieu of two-years tax returns must be for a length of 12 months

Chapter 14 | USDA | Lending Guide

- Added clarification under Appraisal Transfer when the property is subject to repairs or additional inspections and requires a 1004D

Retail and TPO Product Snapshots | Freddie Mac Home Possible

- Updated Income Limits section with direction for 2023 AMI limits

Retail and TPO Product Snapshots | Freddie Mac Refi Possible

- Updated Income Limits section with direction for 2023 AMI limits

Retail and TPO Product Snapshots | Fannie Mae HomeReady

- Updated Income Limits section with direction for 2023 AMI limits

Retail and TPO Product Snapshots | Fannie Mae RefiNow

- Updated Income Limits section with direction for 2023 AMI limits

Retail and TPO Product Snapshots | VA Purchase, VA Rate/Term Refinance or Cash-Out Refinance

- Removed restriction of 50% DTI for properties located in West Virginia

June 1, 2023

Chapter 2 | Documentation Standards | Lending Guide

- 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

Chapter 6 | Credit | Conventional Lending Guide

- Updated Significant Adverse Credit Waiting Periods to clarify AUS requirements and specify applicability to Freddie Mac/LPA loans

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added Short-Term Debt Obligations section which provides guidance for buy now/pay later accounts such as Klarna, Affirm and Afterpay

Chapter 12 | Credit | FHA Lending Guide

- Added Short-Term Debt Obligations section which provides guidance for buy now/pay later accounts such as Klarna, Affirm and Afterpay

Chapter 13 | VA | Lending Guide

- Added Short-Term Debt Obligations section which provides guidance for buy now/pay later accounts such as Klarna, Affirm and Afterpay
- Removed Partial or No Rental History on Tax Returns section. Added Analysis of Rental Property Income section
- Added additional clarification for reserves under Reserve Requirements for use of Rental Income section

Chapter 14 | USDA | Lending Guide

- Added Short-Term Debt Obligations section which provides guidance for buy now/pay later accounts such as Klarna, Affirm and Afterpay

Product Snapshot | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Freddie Mac Retail and TPO

- Updated Grant amounts for the Freddie Mac BorrowSmart Special Program Consideration

Product Snapshot | Freddie Mac Home Possible Mortgages Retail and TPO

- Updated Grant amounts for the Freddie Mac BorrowSmart Special Program Consideration

Product Snapshots | Conventional, FHA, VA and USDA | Retail and TPO

- Removed overlay listing properties with Hauled Water as ineligible

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency Correspondent

- Revised numerous guidelines for the Prime Ascent Plus Standard and Alt Doc programs
 - Maximum LTV increased from 80% to 90%
 - Minimum credit score reduced from 700 to 680
 - Housing history look back reduced from 0x30x24 to 0x30x12
 - Minimum loan balance reduced from \$250,000 to \$150,000 for the Prime Ascent Plus Standard

- Revised Reserve requirements based on increase to LTV
- Added guidance for properties in Declining Markets or as listed on the CBSA Overlay chart

May 25, 2023

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Added additional guidance and clarification under the Exception for Displaced Homemaker or Single Parent section

Chapter 11 | Condo and PUD Project Approval | Conventional Lending Guide

- Added with applications dated on or after 7/1/23, FNMA will require the use of CPM for all condo projects being reviewed under the Full Review process

Chapter 12 | Credit | FHA Lending Guide

- Updated Housing Obligation/ Mortgage Payment history section to clarify derogatory housing payment history is measured to the Case Number Assignment date

Chapter 13 | VA | Lending Guide

- Removed Loans with non-occupying co-borrowers from Ineligible Transactions

Chapter 17 | Title Insurance Requirements | Lending Guide

- Revised guidance for title holders and borrowers to be searched for public records and judgments. Reverted to the previous language in this section

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification that signed and dated business tax returns must correspond with the most recent two years' signed and dated personal income tax returns where required
- Updated Housing History section breaking out guidance for Mortgage History and Verification of Rent History
- Added clarification for calculation of short-term rental income

Retail Product Snapshot | U.S. Bank Jumbo Fixed and U.S. Bank Jumbo ARM

- Added guidance for borrowers with less than 25% ownership in a business

May 18, 2023

Chapter 2 | Documentation Standards Lending Guide

- Added acceptable alternative documentation for Form 4868 for loans utilizing FNMA/DU

Chapter 12 | Credit | FHA Lending Guide

- Clarified documentation requirements under Mortgage Payment History relating to forbearance and modifications
- Updated section Appraisal Extension - Form 1004D with clarification regarding form requirements

Chapter 19 | Cardinal Jumbo Core | Lending Guide

- Added additional clarification under Documenting Housing and Payment History section for first-time and non first-time homebuyers
- Added clarification under Gift Fund Eligibility that donors may not be businesses or Trusts; added gifts from foreign assets must meet seasoning requirement; added direction for funds wired directly to the closing agent
- Added High Cost Loans under Ineligible Transactions
- Added additional exception to Property Flipping guidance clarifying when the property being transferred via quit claim deed (or transfers) between the property seller and their business, the transaction is not considered a flip
- Updated Eligible Condo Project Review Types to align with FNMA review requirements on 2-4 unit condominiums
- Added additional eligible VISA types for Non-Permanent Resident Aliens. Added guidance for VISA eligibility when the document expires within 6 months of loan consummation
- Added clarification under Self-Employed Documentation Requirements for Profit and Loss and Balance Sheet requirements when the prior year tax returns have not yet been filed
- Added Cryptocurrency/Virtual currency and Rental Income from an Accessory Unit Associated with the Subject Property on a purchase transaction as ineligible income sources
- Added Mortgage Loans with unrelated multiple significant derogatory credit events are ineligible
- Added Pledge Assets as an unacceptable asset source
- Updated Business Assets as an eligible source for reserves

Chapter 22 | Construction and Renovation Lending Guide

- Clarified on One Time Close and Two Time Close transactions when additional documentation supporting the land acquisition is required

- Added Preparing the Modification Agreement and The Signing Appointment sections to the Modification at Time of Conversion section of the One Time Close program

Retail Product Snapshot | Jumbo Core

- Updated guidance for Purchase, Rate & Term and Cash-out refinance transactions that the LTV/CLTV must be reduced when the appraiser determines the subject is in a declining market
- Added High Cost Loans under Ineligible Transactions
- Added additional eligible VISA types for Non-Permanent Resident Aliens. Added guidance for VISA eligibility when the document expires within 6 months of loan consummation
- Added Mortgage Loans with unrelated multiple significant derogatory credit events are ineligible

Retail Product Snapshot | One-Time Close Construction | Conventional, FHA, VA

- Clarified when additional documentation supporting the land acquisition is required

Government Loan Seasoning Requirements

- Clarified documentation requirements relating to forbearance and modifications

May 11, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added [Resource | Rental Income Matrix](#) to the rental income sections. Also clarified that if two months rental income documentation is provided and one month is the security deposit, it must equal the monthly amount of rent

Chapter 12 | FHA Lending Guide

- Created Chapter 12 | Credit | FHA Lending Guide. Removed guidance for Property and Appraisal and included in new Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

Chapter 17 | Title Insurance Requirements | Lending Guide

- Provided new guidance in conjunction with the Title Commitment smart doc requirements for title holders and borrowers to be searched for public records and judgments. Provided examples of alternate documentation acceptable in lieu of judgment/lien search included in the body of the title report.

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Photograph requirements under the Appraisal section
- Added Insurance section addressing Liability and Fidelity insurance requirements for condominiums

May 4, 2023

Chapter 2 | Documentation Standards Lending Guide

- Updated Employment Authorization Requirements and provided clarification under Visa Type E and L
- Updated required Citizenship documentation for refugee or asylee borrowers for conventional and FHA programs

Chapter 11 | Condo and PUD Project Approval Conventional Lending Guide

- Added clarification under PUD insurance for FNMA that the master policy does not need to include coverage for common elements when the unit is covered by an individual property insurance policy
- Added additional guidance under the Maximum Allowable Deductible section
- Added guidance that insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable
- Added updated guidance for FNMA loans that the individual property or flood insurance policy must name all persons holding title to the subject property as named insured (previously allowed as optional for title-holders only)
- Added guidance for Policies Covering Multiple Projects
- Expanded Special Coverage Requirements for Project Developments section

Chapter 16 | Insurance | Lending Guide

- Added updated guidance for FNMA loans that the individual property or flood insurance policy must name all persons holding title to the subject property as named insured (previously allowed as optional for title-holders only)
- Added guidance that insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable
- Expanded definition of covered perils
- Added clarification for FNMA loans that the maximum allowable deductible for all one- to four-unit properties apply to all required perils, including when a property insurance policy includes multiple deductibles

Chapter 22 | Construction and Renovation Lending Guide

- Clarified on One Time Close Conventional refinance transactions that any builder deposit provided by the borrower prior to closing is not available to refund back to the borrower on the Closing Disclosure

Retail Product Snapshot | One-Time Close Construction | Conventional

- Clarified that any builder deposit provided by the borrower prior to closing is not available to refund to the borrower on the Closing Disclosure for a refinance transaction

Retail & TPO Product Snapshot | VA Purchase

- Removed Identity of Interest when the current loan is delinquent or in foreclosure as an ineligible transaction

Retail & TPO Product Snapshot | FHA Purchase and Refinance

- Removed overlay for maximum DTI on manual underwrite with minimum FICO 580 on cash out refinance. Currently, require maximum 31/43% with no exceptions and cannot use compensating factors. New revision allows FHA guidelines for maximum DTI with applicable compensating factors.
- Removed overlay for maximum LTV on cash out refinance with 550 credit score from 75% to 80%

April 27, 2023

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Aligned Freddie Mac and Fannie Mae guidance related to non-occupant co-borrowers clarifying they may not be an interested party to the transaction

Chapter 13 | VA | Lending Guide

- Added clarification for payment history requirements under the Cash-out Refinance Transactions section. Removed requirement that 6 most recent monthly payments were made on time

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Reserves section to defer to AUS requirements

Retail Product Snapshot | One-Time Close Construction | Conventional

- Revised maximum DTI allowed to 45% for locks on or after 4.21.23

Government Loan Seasoning Requirements

- Removed guidance under VA Cash-Out Type 1 and Type 2 Refinance for verification of mortgage or credit supplement to confirm 6 consecutive payments were posted and that the most recent 6 months of payments were all made on time

April 20, 2023

Chapter 10 | Property and Appraisal Requirements

- Updated Condition Rating requirements for Fannie Mae to require properties with a C6 rating to be repaired with a resulting minimum condition rating of C5

Chapter 12 | FHA | Lending Guide

- Added section for Non-subject Mortgage Debt not in Borrower's Name to clarify that the taxes, insurance, and applicable HOA dues must be included in our qualifying ratios

Chapter 13 | VA | Lending Guide

- Added Properties Near Airport section

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification that the subject property address must be in the Continental U.S., Alaska, or Hawaii
- Added Properties in Massachusetts with resale restrictions that survive foreclosure or deed-in-lieu of foreclosure are ineligible
- Added additional clarification for income calculation under Tax Transcripts Not Available section

April 13, 2023

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Manually Underwritten Loans section to require certain unpaid collections and charge-offs on non-mortgage accounts to be paid in full before closing
- Added medical collection accounts are not required to be paid off at or before closing for both AUS Accept/Eligible and manually underwritten loans

Chapter 9 | Assets | Conventional Lending Guide

- Updated Real Estate Commission Earnings section aligning Fannie Mae and Freddie Mac guidance to allow commission earned by the borrower to be used for closing costs and down payment. Prior guidance for Fannie Mae permitted commission towards closing costs only
- Provided clarification for acceptable gift donors for Fannie Mae and Freddie Mac along with gift letter requirements

Chapter 14 | USDA | Lending Guide

- Added clarification that funds provided by the seller for repairs are not included in the interested party contribution limitation
- Added clarification for Streamlined-Assist refinance that existing borrowers on the current mortgage note must remain on the refinanced loan

Retail Product Snapshot | FHA 203(h) and TPO Product Snapshot | FHA 203(h)

- Updated to permit 1-4 Unit properties

April 6, 2023

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Removed guidance that non-arms length transactions are ineligible when the borrower is purchasing a property currently in pre-foreclosure, or when the sale of the property constitutes a short sale

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Added Land Trust under Ineligible Transaction Type for Trust Vesting/Settlement

Chapter 9 | Assets | Conventional Lending Guide

- Added Documentation Requirements under the Proceeds from Sale of Real Estate section outlining allowable documentation when utilizing estimated proceeds or evidencing the exclusion of a mortgage liability

Chapter 12 | FHA | Lending Guide

- Added Documentation Requirements under the Sale of Home section outlining allowable documentation when utilizing estimated proceeds or evidencing the exclusion of a mortgage liability
- Clarified acceptable work history before a 6 month gap in employment

Chapter 13 | VA | Lending Guide

- Removed Non-arm's-length transaction on a short sale when the seller and buyer are related as an ineligible transaction
- Added Documentation Requirements under the Sale of Home section outlining allowable documentation when utilizing estimated proceeds or evidencing the exclusion of a mortgage liability

Chapter 14 | USDA | Lending Guide

- Added Documentation Requirements under the Sale Proceeds section outlining allowable documentation when utilizing estimated proceeds or evidencing the exclusion of a mortgage liability

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- 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

Chapter 22 | Construction and Renovation Lending Guide

- Revised FHA 203(k) Standard and Limited contingency required percentages

Retail & TPO Product Snapshot | FHA 203(k) Standard & Limited

- Revised contingency required percentages

Retail & TPO Product Snapshot | VA Purchase

- Removed Identity of Interest when the current loan is delinquent or in foreclosure as an ineligible transaction

Retail Product Snapshot | Cardinal Jumbo AUS, Cardinal Jumbo AUS Expanded, Cardinal Jumbo AUS Expanded Plus

- Updated Marketable Securities allowable percentage to 100%

TPO Product Snapshot | Cardinal Jumbo AUS, Cardinal Jumbo AUS Expanded

- Updated Marketable Securities allowable percentage to 100%

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Revised numerous guidelines effective for locks on or after 4.3.23
 - State/CBSA Overlays - simplified the policy by combining with the Declining Market policy and changing to a maximum LTV cap by program for properties in an identified area
 - Condominium projects located in Florida - added criteria on new legislation requiring structural inspections for older projects
 - Foreign National Program - removed second home occupancy and Standard / Asset Utilization documentation types
 - Numerous clarifications throughout the guide

Retail Product Snapshot | BankUnited Jumbo Fixed & ARM

- Added Land Trust and Limited Liability Company as Ineligible Borrowers

March 30, 2023

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Homeowner's Association Dues section with additional verification method when documenting association dues

Chapter 12 | FHA | Lending Guide

- Added Positive Rental Payment History section which outlines requirements for when Scorecard will assess a positive rental payment history in its loan analysis

- Updated Payment History in the Housing Obligations section with a clarification that canceled checks or bank statements must accompany a Private Party VOM when there is an Identity of Interest between the borrower and the lender
- Updated Homeowner's Association Dues section with additional verification method when documenting association dues

Chapter 13 | VA | Lending Guide

- Updated Homeowner's Association Dues section with additional verification method when documenting association dues
- Added Shared Well section

Chapter 14 | USDA | Lending Guide

- Updated Homeowner's Association Dues section with additional verification method when documenting association dues

Retail Product Snapshot | Truist Jumbo Fixed

- Added Texas Section 50(a)(6) and 50(f)(2) Mortgages as eligible transaction types

March 23, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Removed Military Photo ID as an acceptable form of identification due to this type of document cannot be copied

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added minimum distance requirement between a primary residence and second home

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added additional guidance for documenting property taxes under Qualifying Impact of Other Real Estate Owned

Chapter 12 | FHA | Lending Guide

- Added guidance for the non-borrowing spouse without a SSN
- Removed the requirement that business funds be transferred to the borrower's personal account when using Business Assets in our transaction

- Added additional guidance for documenting property taxes on other real estate owned

Chapter 13 | VA | Lending Guide

- Added guidance for the non-borrowing spouse without a SSN
- Removed requirement for evidence of security deposit and first month's rent receipt in Rental Income > Departure Residence section
- Removed requirement for reserves in Conversion of Primary Residence to Second Home section
- Removed requirement for reserves in Pending Sale of Real Estate section

Chapter 14 | USDA | Lending Guide

- Added guidance for the non-borrowing spouse without a SSN
- Added additional guidance for documenting property taxes on other real estate owned

Chapter 19 | Cardinal Jumbo Core | Lending Guide

- Updated guidelines in various areas to align with new product investor

March 16, 2023

Chapter 6 | Credit | Conventional Lending Guide

- Updated Extenuating Circumstances section to align with agency guidance
- Removed seasoning period for Modified or Restructured Loans

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added the tax year 2022 mileage reimbursement rate

Chapter 12 | FHA | Lending Guide

- Added the tax year 2022 mileage reimbursement rate
- Clarified that a Gift of Equity may be used to pay down, or pay off a borrower's Consumer Debt
- Added clarification for Credit Report Requirements for a non-purchasing spouse without a Social Security Number
- Clarified that rental income generated from the subject Accessory Dwelling Unit is not permitted

Chapter 13 | VA | Lending Guide

- Clarified that rental income generated from the subject Accessory Dwelling Unit is not permitted

Chapter 14 | USDA | Lending Guide

- Added the tax year 2022 mileage reimbursement rate

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification for use of Trust Income

March 9, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Updated Tax Documentation Policy with 2022 tax year filing dates

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Expanded First-Time Homebuyers section to include guidance for a Displaced Homemaker and Single Parent

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Revised calculation for property tax calculations for new construction properties in Texas and New Mexico

Chapter 9 | Assets | Conventional Lending Guide

- Added documentation requirements for Gift Funds Received as a Graduation Gift
- Added additional acceptable Donor types under Fannie Mae guidance for Gift Funds

Chapter 12 | FHA | Lending Guide

- Revised calculation for property tax calculations for new construction properties in Texas and New Mexico

Chapter 13 | VA | Lending Guide

- Revised calculation for property tax calculations for new construction properties in Texas and New Mexico

Chapter 14 | USDA | Lending Guide

- Revised calculation for property tax calculations for new construction properties in Texas and New Mexico

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added additional guidance related to Forbearance under the Additional Guidelines Specific to the Expanded Plus Program

Chapter 22 | Construction and Renovation Lending Guide

- Revised calculation for property tax calculations for new construction properties in Texas and New Mexico

Retail Product Snapshot | Truist Jumbo Fixed

- Added Cryptocurrency as an eligible asset type; specified funds must be liquidated prior to closing
- Added Cryptocurrency as an ineligible source of income

March 2, 2023

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Real Estate Tax section for new construction using new functionality for projected taxes in qualifying, but allows current taxes to be used for closing if the borrower requests

Chapter 12 | FHA | Lending Guide

- Added UFMIP and MIP sections
- Updated Conflict of Interest section
- Updated Real Estate Tax section for new construction using new functionality for projected taxes in qualifying, but allows current taxes to be used for closing if the borrower requests
- Added Evaluating Credit History section to include direction for loans underwritten using TOTAL or Manual guidelines
- Added clarification under the Appraisal Updates section when a mortgagee may use an appraisal update
- Clarified installation seasoning requirements for manufactured homes when the transaction type is a cash-out refinance
- Updated Individual Water Supply System section to include: requirements for the appraiser to note any observable deficiencies, requirements for a pressurized tank, and additional guidance surrounding well water testing
- Added Community Water System section
- Added additional clarification under Attics, Basements and Crawl Spaces
- Updated Market Conditions Addendum section to show Appraisal Form 1004MC is no longer required
- Added Compliance with FHA Guidelines and USPAP section
- Updated Appraisal Nondiscrimination Policy to align with HB 4000.1

- Updated Non-Profit Entity Secondary Financing section to align with HB 4000.1
- Clarified calculation of effective income for child support
- Updated guidance under Self-Employed for calculating Effective Income when the income has been earned for less than two years
- Clarified guidance when a good test is required, the report may be up to 180 Days old at the Disbursement Date
- Removed requirement for a well water test where the distance between a well and a septic system is less than 100 feet
- Added Minimum Requirements for Living Unit section

Chapter 13 | VA | Lending Guide

- Updated Real Estate Tax section for new construction using new functionality for projected taxes in qualifying, but allows current taxes to be used for closing if the borrower requests
- Added VA Funding Fee table for loans closed on or after April 7, 2023, reflecting revised loan fee rates

Chapter 14 | USDA | Lending Guide

- Updated Real Estate Tax section for new construction using new functionality for projected taxes in qualifying, but allows current taxes to be used for closing if the borrower requests

Chapter 16 | Insurance | Lending Guide

- Added guidance for Lava Insurance according to VA Local Requirements

Chapter 17 | Title Insurance Requirements Lending Guide

- Updated guidance for non-occupying borrowers and co-borrowers for FHA loans

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added eligibility for Texas Equity (a)(6) under the Expanded Plus Program
- Added Non-warrantable Condos and Condotels as eligible property types on Expanded Plus Program

Chapter 22 | Construction and Renovation Lending Guide

- FHA 203(k): Updated Identity of Interest section to permit transactions for tenants/landlords which meet the requirements for FHA Exceptions to the Maximum LTV
- Updated One Time Close Impound Account section using new functionality for projected taxes in qualifying, but allows current taxes to be used for closing

Product Snapshot | FHA 203(k) Standard and Limited Retail and TPO

- Updated Identity of Interest section to add transactions between tenants/landlords are eligible

Product Snapshot | Conventional One-Time Close Construction Loan

- Removed Manufactured Home Advantage (MH Advantage) as an eligible property type

Temporary Operational Policies and Procedure

- Updated with recent direction from Fannie Mae and Freddie Mac retracting the majority of temporary policies related to COVID-19

February 23, 2023

Chapter 10 | Property and Appraisal Requirements

- Added Desktop Appraisal section

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated guidance for Cash-out Refinance to align with AUS chosen
- Added Tax Transcripts Not Available section

February 16, 2023

Chapter 10 | Property and Appraisal Requirements

- Added guidance for Freddie Mac Appraisal Waiver plus Property Data Report (ACE+PDR)

Chapter 13 | VA Lending Guide

- Added clarification under Rental Income for subject property that a contract used from a Property Management company in place of tax returns when documenting an acceptable landlord history may not come from an individual caretaker, real estate agent, or property manager

Chapter 17 | Title Insurance Requirements Lending Guide

- Added additional guidance for Closing Protection letters

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- 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

February 9, 2023

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added Value Determination for Manufactured Housing section
- Added additional guidance for Fannie Mae Cash-Out refinance transactions effective for Note dates on or after 4/1/23, when proceeds of a cash-out refinance Mortgage are used to pay off a First Lien Mortgage, the First Lien Mortgage being refinanced must be seasoned for at least 12 months

Chapter 10 | Property and Appraisal Requirements

- Added reference and link to Chapter 4 Eligible Transactions for determining Loan to Value on a Manufactured Home

Chapter 12 | FHA Lending Guide

- Updated guidance for Gap in Employment to align with new revisions to the HUD HB 4000.1
- Updated Community Debt Inclusion Exception > Texas to allow revolving debt to be excluded

Chapter 14 | USDA Lending Guide

- Updated Community Debt Inclusion Exception > Texas to allow revolving debt to be excluded

February 2, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated guidance for income received through IHSS

Chapter 9 | Assets | Conventional Lending Guide

- Updated guidance related to earned commission used towards the borrower's funds to close and down payment

Chapter 12 | FHA Lending Guide

- Updated guidance for income received through IHSS

Chapter 13 | VA Lending Guide

- Updated Occupancy Certification section with changes to required forms 26-1820 and 26-1802a

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added additional guidance for Purchase transactions under the Homestead Tax Exemption section
- Added additional guidance on seasonal accessibility for Second Homes
- Added lengthened seasoning period for cash-out refinance transaction with lock date on or after 2/1/2023

January 26, 2023

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification under Documentation requirements for Automobile Allowance

Chapter 12 | FHA Lending Guide

- Updated Manual Downgrade section to provide guidance regarding judgments and scoring through DU to avoid a manual downgrade.
 - To allow DU to read the judgment, Declarations item G must be marked "Yes". If the DU findings address the judgment and still provide an Approve recommendation, no manual downgrade is required.
- Added clarification to the Disputed Accounts section regarding required documentation if a disputed derogatory account is being paid to zero to avoid being considered in Manual Downgrade requirements

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification for Credit Bureau Report Requirements for Community Property States
- Added clarification for Disputed Derogatory Credit
- Added guidance for calculating short-term rental income
- Revised Gift Funds section to align with Agency guidance
- Added guidance for Custodial Accounts

Product Snapshot | Fannie Mae HomeReady & Freddie Mac Home Possible

- Clarified if an eligible type of income is being used as a source for qualifying income, it should be calculated in accordance with the applicable Fannie Mae or Freddie Mac guidelines for that income type. It is not permissible to use only a “portion” or “reduced amount” of that income for the determination of HomeReady or Home Possible eligibility as it relates to the AMI limits.

January 19, 2023

Chapter 9 | Assets Conventional Lending Guide

- Expanded guidance for evidence of Earnest Money Deposit receipt when funds are not required to meet the borrower’s minimum contribution. Outlined differences between Fannie Mae and Freddie Mac for evidencing the deposit

Chapter 10 | Property and Appraisal Requirements

- Added additional clarification under Repairs Noted on the Purchase Contract allowing for an inspection waiver

Chapter 13 | VA Lending Guide

- Added guidance for Split Entitlement when the available entitlement is uneven

Chapter 14 | USDA Lending Guide

- Added the following updates related to PN 573
 - Verification Requirements section
 - Added properties generating boarder income as ineligible
 - Added guidance for IDA asset type
 - Added guidance for Life Insurance asset type
 - Added Lump Sum Additions section
 - Added guidance for Personal Property Sold
 - Added guidance for Retirement: 401k, IRA, etc. as asset type

- Updated guidance for Owning an Existing Dwelling to reflect guidance for properties owned more than and less than 24 months
- Added additional guidance under Calculation of Annual Income
- Added clarification under Alimony or Separate Maintenance
- Added Child Support section
- Added clarification under Automobile Allowance and Expense Allowance to include the full monthly debt in the total debt ratio
- Added additional guidance under Bonus income
- Added Employee Fringe Benefits section
- Added guidance for Guardianship/Conservatorship Income
- Removed the requirement for a copy of the W4 under MCC section
- Added guidance for Overtime income under its own section
- Added guidance for Pension income
- Added guidance for Retirement income
- Added guidance for Secondary Employment
- Added guidance for Unreimbursed Employee or Business Expenses
- Added guidance for Variable income
- Added section for Income Verification
- Added guidance for Large Deposits
- Updated guidance related to IHSS Income

January 12, 2023

Chapter 7 | Liabilities and Qualifying Ratios Conventional Lending Guide

- Added exception handling for property tax calculations for new construction properties in Texas and New Mexico

Chapter 12 | FHA Lending Guide

- Added exception handling for property tax calculations for new construction properties in Texas and New Mexico

Chapter 13 | VA Lending Guide

- Removed the requirement for the Reservist National Guard Certification
- Added clarification that the Certificate of Eligibility (COE) does not have a defined expiration date
- Added exception handling for property tax calculations for new construction properties in Texas and New Mexico

Chapter 14 | USDA Lending Guide

- Added exception handling for property tax calculations for new construction properties in Texas and New Mexico

January 5, 2023

Chapter 2 | Documentation Standards | Lending Guide

- Updated Computer Generated Transaction History section to clarify acceptable documentation for internet-provided asset statements

Chapter 9 | Assets Conventional Lending Guide

- Broke out Fannie Mae and Freddie Mac requirements for the use of Business Assets

Chapter 10 | Property and Appraisal Requirements

- Added additional guidance under Ineligible Transactions for Appraisal Waivers

Product Snapshot | FHA 203(h) Retail and TPO

- Revised to show loans must be manually underwritten as the product is not supported by AUS. Removed overlay for maximum DTI of 31%/43% with a 580 FICO score