

About this Document

This document provides an overview of the recent changes made to Product Guidelines, the Lending Guide, and Product Snapshots.

March 6, 2026

Chapter 2 | Documentation Standards | Lending Guide

- Added Superfund Site section providing guidance related to superfund sites noted within the Fraud report
- *Update is effective as of 3.5.26 for all loans in process*

Chapter 13 | VA | Lending Guide

- Updated General Requirements section with additional eligible types of certification when documenting the Veteran is alive and well
- *This update may be applied as of 3.6.26 for all loans in process*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updated Reaffirmation of Debt section to include guidance specific to Chapter 7 Bankruptcies
- *Update is effective as of 2.25.26 for all loans in process*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- The Pass-Through Income or Loss section was updated to address when positive pass-through income is not needed to qualify or when there is a pass-through loss
- Updated Reaffirmation of Debt section to include guidance specific to Chapter 7 Bankruptcies
- *Updates are effective as of 2.25.26 for all loans in process*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added TN as an Eligible State allowing vesting in an LLC
- *This update is effective for all loans in process as of 2.27.26*

Chapter 25 | Construction | Lending Guide

- Updated One-Time Close | FHA section > Acquisition Cost adding clarification to borrower-paid options not included in the builder's price to build. Added detailed guidance for borrower-paid construction costs not included in the builder's price to build
- *Updates are effective as of 3.4.26 for all loans in process*

February 27, 2026

Chapter 6 | Credit | Conventional Lending Guide

- Updated Freddie Mac (LPA) guidance for Authorized Users stating effective for Loan Product Advisor submissions or resubmissions on or after 2.10.2026 for Accept Mortgages, assessment of authorized user tradelines on the borrower's credit report will not be required

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated minimum square footage for manufactured homes from 600 square feet to 400 square feet
- *This update is effective for all loans in process as of 2.4.2026*

Chapter 22 | Renovation | Lending Guide

- Added Rental Income Received from the Subject Property section for FHA 203(k), Fannie Mae HomeStyle and Freddie Mac CHOICERenovation / Reno eXPress outlining that borrower must qualify for the loan without using rental income on a primary residence 1 unit with Accessory Dwelling Unit (ADU) and on Freddie CHOICERenovation / Reno eXPress an investment property 1 unit with Accessory Dwelling Unit (ADU) transaction without an approved exception through the Loan Review process.
- *These changes are effective immediately for all loans in process*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added MN as an Eligible State allowing vesting in an LLC
- *This update is effective for all loans in process as of 2.26.26*

Chapter 24 | HUD Section 184 Indian Housing | Lending Guide

- Revised multiple sections within the chapter adding clarification to several topics and incorporating Cardinal overlays as follows:

- Removed Cash-out Refinance as an eligible transaction
- Removed 2-4 units as an eligible property type
- Removed Condos as an eligible property type
- Added additional overlays to Manufactured Homes to include:
 - Doublewide only
 - Minimum of 600 square feet
 - Minimum Credit Score of 660
- Incorporated ineligible states, in addition to those not listed on the Section 184 Approved Counties by State list
- Added additional guidance for Amended Tax Returns
- Added guidance for Principal Curtailments at Closing
- Added specific guidance for properties located in a declared disaster area
- *These updates are effective as of 2.24.2026 for all loans in process*

Chapter 25 | Construction | Lending Guide

- Expanded the Individual or Shared Water System section under One-Time Close FHA providing clarification for New and Existing Individual Water Sources. Added Water well Minimum Requirements specifying minimum property standards for New Construction and minimum property requirements for Existing Construction or New Construction with existing septic and well
- *These updates are effective as of 2.25.2026 for all loans in process*

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

- Under the guidance of U.S. Federal Housing (FHFA), aligned key requirements for their respective MH Advantage and CHOICEHome programs
- Aligned standards to establish uniform requirements for eligible homes, including permanent foundations, roof pitch, energy efficiency, exterior features and site improvements
- Added guidance for newly constructed MH Advantage homes with a date of manufacture after June 4, 2026
- Removed the guideline that the home must not have been constructed prior to 2018
- Updates may be applied as of 2.23.26 for all loans in process

Retail & TPO Product Snapshots | Freddie Mac CHOICEHome

- Under the guidance of U.S. Federal Housing (FHFA), aligned key requirements for their respective MH Advantage and CHOICEHome programs
- Aligned standards to establish uniform requirements for eligible homes, including permanent foundations, roof pitch, energy efficiency, exterior features and site improvements
- Added guidance for newly constructed MH Advantage homes with a date of manufacture after

June 4, 2026

- Updates may be applied as of 2.23.26 for all loans in process

February 20, 2026

Chapter 22 | Renovation | Lending Guide

- Removed all references requiring a contractor government-issued photo ID
- *Update is effective as of 2.18.26 for all loans in process*

Chapter 25 | Construction | Lending Guide

- Added Covenants, Conditions, and Restrictions (CC&Rs) section clarifying review requirements for CC&Rs on all property types when recorded, regardless of transaction type
- Removed all references requiring a contractor government-issued photo ID
- Added clarification surrounding Gifts of Equity for each transaction type
- Added clarification related to required Pest Inspection Forms for VA and FHA
- *Updates are effective as of 2.18.26 for all loans in process*

Retail & TPO Product Snapshot | Conforming Non-Agency 30 Year Fixed - Second Home and Investment Fixed

- Updated the Maximum Loan Amount to reflect 2026 loan limits

February 13, 2026

Chapter 9 | Assets | Conventional Lending Guide

- Updated the list of Acceptable Donors for Fannie Mae removing Godparent and adding An individual with a long-standing familial-like or mentorship relationship with the borrower
- *This update is effective as of 2.4.26 for all loans in process*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added guidance related to Expired EADs with renewal applications filed on or after 10.30.25
- Removed Syria from the list of countries from which Temporary Residents residing in the US must meet additional documentation requirements to be eligible
- Added additional guidance for POA Requirements for US Citizens Overseas
 - *Updates are effective as of 2.4.26 for all loans in process*
- Added new section titled Floor Finishing, Covering, Material and Installation

- Expanded the existing examples of deficiencies that indicate a property is in C5 or C6 condition
 - *Updates are effective as of 1.28.26 for all loans in process*
- Clarified Shared equity resale property restrictions that terminate at foreclosure are ineligible
 - *Update is effective with TRID Application date on or after 3.3.26*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added guidance related to Expired EADs with renewal applications filed on or after 10.30.25
- Removed Syria from the list of countries from which Temporary Residents residing in the US must meet additional documentation requirements to be eligible
 - *Updates are effective as of 2.4.26 for all loans in process*
- Added new section titled Floor Finishing, Covering, Material and Installation
- Expanded the existing examples of deficiencies that indicate a property is in C5 or C6 condition
 - *Updates are effective as of 1.28.26 for all loans in process*
- Clarified Shared equity resale property restrictions that terminate at foreclosure are ineligible
- Added guidance for eligible resale restrictions for loan utilizing LPA
 - *Update is effective with TRID Application date on or after 3.3.26*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Short-term rental income is no longer eligible on Standard Doc, Alt Doc or DSCR transactions.
This update is effective with locks on or after 2.17.26.
- Updated Prepayment Penalty section for Pennsylvania with 2026 base figure amount
- Foreign National borrowers/guarantors from OFAC sanctioned countries have not been eligible, but now a list of ineligible countries has been provided
- Added Loan Eligibility section outlining requirements associated with the final Closing Disclosure and the need for payoff statements/invoices, as applicable
- Added Hawaii to ineligible property list if located inside of a coastal erosion hazard zone
- *The above updates are effective immediately for all loans in process*

Retail & TPO Product Snapshots | Fannie Mae HomeReady

- Extended the eligibility of the Cardinal Financial Grant HomeReady from funding date of 2.6.2026 to 2.5.2027

Product Snapshots | U.S. Bank Portfolio ARM & Fixed

- Added guidance surrounding Buy Now Pay Later (BNPL) accounts specifying when an account is discovered, it must be reviewed to determine if it would be considered a material payment and subsequently included in the DTI
- *This update is effective as of 1.30.26 for all loans in process*

February 6, 2026

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added 2025 Mileage Reimbursement rate of 33 cents per mile

Chapter 12 | Credit | FHA Lending Guide

- Added 2025 Mileage Reimbursement rate of 33 cents per mile

Chapter 13 | VA | Lending Guide

- Added 2025 Mileage Reimbursement rate of 33 cents per mile

Chapter 14 | USDA | Lending Guide

- Added 2025 Mileage Reimbursement rate of 33 cents per mile

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updates were made to the following sections:
 - Capital Gain Income removing the restrictions on use of capital gains income from only traders, hedge fund managers and similar investment professionals
 - Bonus Income removing the requirement the history needs to be with the same employer
 - Overtime Salary Income removing the requirement the employment history needs to be in the same field
 - Reserves section stating when a borrower has more than one application in process, the same assets may be used to meet the reserve requirements for each mortgage transaction
 - Automobile Allowance and Expense Account Payments clarifying evidence of automobile allowance as stable income to include written verification from the employer via pay statement or other employment related documentation
 - Social Security Income adding allowable benefits for Social Security Income recipients
 - Added digital payment service statements to be used as proof of timely mortgage payments
 - *Updates are effective as of 1.21.26 for all loans in process*
- Updated the Rental or Investment Property Income section permitting rental income from ADU's (Accessory Dwelling Unit's) provided certain requirements are met. In addition, changes and minor clarifications were made, including, but not limited to, requirements regarding loans with

rental income reported on Partnership or S-Corps. *This update is effective for TRID Application date on or after 2.1.26*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Capital Gains Income section removing guidance and deferring to Agency guidelines based on AUS method chosen
- Updated Housing Payment History - Mortgage section to allow digital payment service statement to be used as proof of timely mortgage payments
- *Updates are effective as of 1.21.26 for all loans in process*

Retail & TPO | Product Snapshot | Freddie Mac Home Possible Mortgages

- Extended the date in which loans must fund by from 2.6.2026 to 2.5.2027 for the Cardinal Financial Grant Home Possible VLIP

January 30, 2026

Chapter 1 | Introduction | Lending Guide

- Added Age Requirements for Borrower and Non-Applicant Title Holder
- *This update is a clarification only and may be applied to all loans in process*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Rental Income > Fannie Mae > Offsetting Monthly Obligations for Rental Property Reported through a Partnership or an S-Corporation section specifying:
 - When the borrower receives only rental income reported on the Schedule K-1, provide the most recent one year federal business income tax return for rental income reported on Form 8825
 - Additionally, all rental income reported on partnership or S corporation returns using Form 8825 will now be classified as self-employment income, regardless of the borrower's personal obligation on the associated mortgage
 - *This update is applicable for TRID Application date on or after 2.1.26*
- Updated Cost of Living (COLA) adjustment to 2.8% for 2026
 - *This update may be applied immediately for all loans in process*

Chapter 12 | Credit | FHA Lending Guide

- Updated Cost of Living (COLA) adjustment to 2.8% for 2026
 - *This update may be applied immediately for all loans in process*

Chapter 13 | VA | Lending Guide

- Updated Cost of Living (COLA) adjustment to 2.8% for 2026
 - *This update may be applied immediately for all loans in process*

Chapter 17 | Title Insurance Requirements | Lending Guide

- Added Age Requirements for Borrower and Non-Applicant Title Holder
- *This update is a clarification only and may be applied to all loans in process*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added clarification to Foreign National section in regards to documentation and housing history requirements for the borrower's primary residence.
- *This update is a clarification only and may be applied to all loans in process*

Chapter 25 | Construction | Lending Guide

- Added FHA Amendatory Clause/Real Estate Certification section and VA Escape Clause section for guidance when these documents are required.
- *This update is a clarification only and may be applied to all loans in process*

Product Snapshots | FHA One-Time Close, VA One-Time Close

- Added FHA Amendatory Clause/Real Estate Certification section and VA Escape Clause section for guidance when these documents are required.
- *This update is a clarification only and may be applied to all loans in process*

January 23, 2026

Chapter 6 | Credit | Conventional Lending Guide

- Added clarification under Non-traditional Credit History to include two additional utility company references.
- *This update is clarification and may be applied as of 1.14.26 to all loans in process*

Chapter 12 | Credit | FHA Lending Guide

- Added additional guidance and Cardinal Overlay under the Overtime, Bonus & Tip section and the Part-Time Employment section expanding on permissible gaps in employment history when considering whether the income can be viewed as consistently earned or uninterrupted
- *This update is clarification of current guidance and may be applied as of 1.21.26 to all loans in process*

Chapter 13 | VA | Lending Guide

- Added clarification under Non-Traditional Credit > Tier 1 References to include two additional utility company references.
- *This update is clarification and may be applied as of 1.14.26 to all loans in process*

Chapter 14 | USDA | Lending Guide

- Added clarification under Eligible Non-Traditional Tradelines to include two additional utility company references.
- *This update is clarification and may be applied as of 1.14.26 to all loans in process*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added Flood Insurance > Master Policy Requirements section providing guidance for Supplemental Individual Flood Insurance Policies
- *This update is effective as of 1.14.26 for all loans in process*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Automated Underwriting (AUS) section to specify DU Approve/Ineligible, LPA Accept/Ineligible may be for LTV exceeds the maximum permitted by Fannie Mae or Freddie Mac, but is within the program limits
- Added Flood Insurance > Master Policy Requirements section providing guidance for Supplemental Individual Flood Insurance Policies
- *This update is effective as of 1.14.26 for all loans in process*

Product Snapshots | U.S. Bank Portfolio ARM & Fixed

- Added guidance for Large Deposits
- *This update is effective as of 1.16.26 for all loans in process*

January 16, 2026

Chapter 12 | Credit | FHA Lending Guide

- Added Age Requirements for Borrower and Non-Applicant Title Holder
- Added clarification under Non-Traditional Credit / Sufficiency of Credit References to include two additional utility company references
- *These updates are clarification and may be applied as of 1.14.26 to all loans in process*

January 9, 2026

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Variable Income section for Freddie Mac transactions adding income tables and examples of income calculations. Refactor aligns with recent changes made by Freddie Mac, with minimal updates made to Policy
- *These updates may be applied immediately to all loans in process*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added clarification in the Business Debt section stating that tax returns are not an eligible documentation method for Alt Doc programs.
- *This is a clarification and effective immediately*

Chapter 25 | Construction | Lending Guide

- Added guidance for Manufacturer's Certificate or Statement of Origin Documentation
- Added guidance for Manufacturer's Invoice
- *Update is clarification of current policy and is effective as of 1.5.26 for all loans in process*

Retail Product Snapshot | Redwood Sequoia AUS Jumbo

- Revised asset requirements for Second homes >\$2,000,000 loan amounts to require 18 months of reserves
- *Updates are effective for loans locked on or after 1.5.26*

Retail Product Snapshot | Redwood Sequoia Jumbo

- Revised salaried, hourly, and part-time income requirements to remove the requirement that one (1) year income documentation must include two (2) years with the same employer, and added clarifying language that a Work # reflecting two (2) years of earnings is acceptable in lieu of paystubs and W-2s
- Revised commission, overtime, and part time income requirements to include that a Work # reflecting two (2) years of earnings is acceptable in lieu of paystubs and W-2s
- Added clarifying language to asset depletion income that Joint account assets with a non-borrowing spouse are eligible when accompanied by an executed joint account access letter from the non-borrowing spouse
- A new Departure Residence feature has been added to the Liabilities section allowing additional options for excluding the departure residence payment from liabilities when all applicable guide requirements are met. The eligibility criteria vary depending on whether the borrower intends to rent or sell the departure residence

- *Updates are effective for loans locked on or after 1.5.26*

January 2, 2026

Chapter 2 | Documentation Standards | Lending Guide

- Added Escrow Holdback Policy section outlining eligibility guidelines for Conventional, FHA, VA and USDA programs

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added under the Additional Guidelines Specific to the Expanded Plus Program:
 - Added Barndominiums and Geodomes as ineligible property types
 - Added clarification for the treatment of housing payment history when a balloon payment has expired
 - Added Verification of Rent section with added guidance allowing a credit bureau provided rent rating
- *Updates are effective with loans locked on or after 1.9.26*

Resource | Rental Income Matrix

- Added Subject Property > 1 Unit Investment Property with Accessory Dwelling Unit (ADU) section
- *Updates are a clarification only with no change to existing policy*

December 26, 2025

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added business assets as an eligible source of reserves
- *Update is effective as of 12.17.25 for all loans in process*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added business assets as an eligible source of reserves
- *Update is effective as of 12.17.25 for all loans in process*

Chapter 25 | Construction | Lending Guide

- Added guidance for Individual or Shared Water System under Conventional, FHA and VA sections specifying if the subject property is connected to an Individual or Shared well and the well is newly constructed, a Water Well Completion Report is required
- *Update is effective as of 12.17.25 for all loans in process*

Product Snapshot | U.S. Bank Portfolio ARM

- Added guidance for Age of Appraisal
- Added clarification related to Hobby Farms and acreage in excess of 10 acres
- Added clarification for Cash-out transactions that U.S. Bank will not allow multiple cash out transactions in less than 12 months when the combined amount of cash/equity out transaction exceeds the max published limits based on LTV/CLTV
- *Update is effective as of 12.12.25 for all loans in process*

Product Snapshot | U.S. Bank Portfolio Fixed

- Added guidance for Age of Appraisal
- Added clarification related to Hobby Farms and acreage in excess of 10 acres
- Added clarification for Cash-out transactions that U.S. Bank will not allow multiple cash out transactions in less than 12 months when the combined amount of cash/equity out transaction exceeds the max published limits based on LTV/CLTV
- *Update is effective as of 12.12.25 for all loans in process*

December 19, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated Freddie Mac guidance for Manufactured Homes with a Manufactured Home Accessory Dwelling Unit (ADU) section to specify that for mortgages secured by manufactured homes, including CHOICEHomes, the property may contain an ADU (stick built or manufactured home) provided the primary dwelling is a multiwide manufactured home. Single-wide primary dwellings are ineligible for this enhancement
- *This update may be applied as of 12.17.25 to current loans in process*

Chapter 12 | Credit | FHA Lending Guide

- Added Earnest Money Deposit > Factory Built Housing with Separate Acquisition of Land section specifying when the transaction involves the purchase of a factory built home and the lot on which the home will sit, and there are two separate contracts, the 1% earnest money deposit threshold should be evaluated against each contract independently. *This guidance is clarification from FHA and may be applied immediately*

Chapter 16 | Insurance | Lending Guide

- Loss Settlement | Roofs section added outlining requirements for claim settlement for different product types.
- Lifted Cardinal Overlay for government loan programs to now allow Actual Cash Value coverage for roofs, regardless of age.
- *This may be applied immediately for all loans in process*

Chapter 25 | Construction | Lending Guide

- Updated contingency guidance for all loan types specifying the 5% contingency requirement may be waived for both Manufactured and Modular (Factory Built) homes. *This clarification aligns with Cardinal's current process and may be applied to all loans in process*
- Added Property Address section providing direction for input of the Subject Property Site and Permanent address into Octane
- Added Earnest Money Deposit section and specifically, guidance for Factory Built Housing with Separate Acquisition of Land specifying when the transaction involves the purchase of a factory built home and the lot on which the home will sit, and there are two separate contracts, the 1% earnest money deposit threshold should be evaluated against each contract independently. *This guidance is clarification from FHA and may be applied immediately*

December 12, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated Appraisal Waiver section to identify conditions that prevent an appraisal waiver offer
- *There are no changes to existing policy and updates may be applied as of 12.3.25 to loans in process*

Chapter 22 | Renovation | Lending Guide

- Added Rental Income Received from the Subject Property section for FHA 203(k), Fannie Mae HomeStyle and Freddie Mac CHOICERenovation / Reno eXPress outlining that borrower must qualify for the loan without using rental income on a primary residence 2-4 unit property or investment property transaction without an approved exception through the Loan Review process.
- *These changes are effective for locks on or after 12.11.25*

Retail & TPO Product Snapshot | Fannie Mae HomeReady

- Updated Cardinal Financial Grant HomeReady Eligibility indicating loans utilizing the grant must fund no later than February 6th, 2026

Retail & TPO Product Snapshot | Freddie Mac Home Possible Mortgages

- Updated Cardinal Financial Grant Home Possible VLIP Eligibility indicating loans utilizing the grant must fund no later than February 6th, 2026

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent | Non-Agency

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent Plus | Non-Agency

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR | Non-Agency

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Non-Agency

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Plus Non-Agency

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Investor Solutions DSCR

- Added State Restriction for PA stating investor occupancy loans located in Philadelphia County are ineligible
- *This update is effective for loans locked on or after 12.10.25*

Retail & TPO Product Snapshot | FHA 203(k) Standard & Limited, Fannie Mae HomeStyle, Freddie Mac CHOICERenovation / Reno eXPRESS

- Added Income - Subject Property Rental Income section indicating that borrowers must qualify for the loan without using rental income for primary residence 2-4 unit property or investment property transactions. Any exception must be reviewed and approved through the Loan Review Process.
- *This update is effective for loans locked on or after 12.11.25*

December 5, 2025

Chapter 12 | Credit | FHA Lending Guide

- Updated the Social Security Income section and added guidance under the Disability Income section (formerly Long-Term Disability) to align with guidance from FHA
- *There are no changes to existing policy and updates may be applied as of 12.1.25 to loans in process*

November 28, 2025

Chapter 12 | Credit | FHA Lending Guide

- Added Royalty Payments section providing guidance for the use of income from Royalties
- *This is clarification provided from FHA and may be applied as of 11.26.25 to loans in process*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updated the Federal Government Shutdown section with guidance related to pay cycle dates dated prior to and after the Note date

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated the Federal Government Shutdown section with guidance related to pay cycle dates dated prior to and after the Note date

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Updated Maximum DTI for second homes to state that the maximum DTI is 35% for loans with an LTV > 80% and 43% for loans with an LTV <=80%
- *This update is effective for loans locked on or after 11.26.25*

Retail Product Snapshot | Simple Access Graduate Program | Luxury Mortgage

- Added KY as an eligible state
- Updated guidance related to Cryptocurrency as an eligible asset specifying Bitcoin is the only eligible currency and providing clarification related to liquidation
- Updated reserve requirements for first time homebuyers
- Updated guidance related to Collections and Charge-offs
- Added additional guidance under Income / Employment-Contractors or 1099 Employees
- *Updates are effective with loans locked on or after 10.13.25*

November 21, 2025

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated Freddie Mac Continuity of Obligation section:

- To provide specificity related to what may constitute a final judgment or decision from a legal body
- Adding clarification that timely mortgage payments also include payments for any secondary financing
- Added Note regarding Living Trust eligibility requirements
- *No requirements were changed as a result of this update and guidance may be applied immediately to any loan in process*

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Debts Paid Off Prior to or at Closing section specifying if a borrower is paying off debt with their own funds at settlement on a Limited or No Cashout refinance, only the assets used to payoff the debts, over and above allowable cash back, must be verified
- *This is an existing Freddie Mac guideline and may be applied immediately for loans underwritten using LPA.*
- *For Fannie Mae DU loans, this update may be applied to DU V. 12.0 loan casefiles submitted or resubmitted to DU on or after 9.27.25*

Chapter 12 | Credit | FHA Lending Guide

- Updated guidance related to Form HUD-92900-B, Important Notice to Homebuyers specifying this form is no longer required for any cases not yet endorsed as of 11.19.25

Chapter 16 | Insurance | Lending Guide

- Added Ineligible Property Insurance Policies section which clarifies policies that provide for claims to be settled on an Actual Cash Value or Stated Value Coverage are not acceptable
- *This update is a Cardinal Overlay and is effective immediately for all loans in process*

November 14, 2025

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated guidance for Fannie Mae Multiple Financed properties for casefiles submitted or resubmitted on or after 11.15.25, the loan must meet Cardinal's standard minimum credit score of 580, or the minimum required by the applicable program guidelines. An AUS Approve/Eligible is required and any mortgage insurance (MI) credit score requirements must be met
- Note: Multiple Financed properties submitted through LPA/ Freddie Mac still require a minimum 720 credit score

Chapter 6 | Credit | Conventional Lending Guide

- Updated the Credit Score Determination section removing the guidance for loan casefiles with more than one borrower, DU will use an average median credit score when determining if a loan casefile meets the minimum credit score requirement
- Additional guidance has been added explaining how DU will assess the credit risk of the loan instead of relying on a minimum credit score. Cardinal minimum Credit Score requirements as indicated in related product snapshots must still be met
- *The above guidance is effective for loan casefiles submitted on or after 11.16.25*
- Added clarification under the Freddie Mac Positive Rental Payment History in Credit Assessment that a Verification of Rent and/or evidence of cash payments are not acceptable documentation when documenting an acceptable payment history
- *The above guidance is effective as of 11.5.25 for all loans in process*

Chapter 13 | VA | Lending Guide

- Removed 'Previous mortgage foreclosure or Chapter 7 bankruptcy discharged within two (2) years of the application date' as a reason to manually downgrade an Accept mortgage
- Updated Chapter 7 Bankruptcy section to align with VA guidance related to bankruptcies discharged between 12-24 months from the Effective Note Date
- *These updates align with current VA guidance and are effective immediately for all loans in process*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Updated several sections with revised guidance for loans locked on or after 11.10.25. Updates include modifications to:
 - P&L Statement documentation level requires two months of bank statements. Deposits must support 80% of the monthly average sales/revenue reported on the P&L
 - Prime Ascent: Gift funds are now allowed to 100% with certain restrictions for primary residence and second home transactions
 - Prime Ascent and Prime Ascent Plus: Updated seasoning and LTV variables for cash-out transactions and revised mortgage and rental verification requirements
 - Foreign National: Gift funds now permitted after 10% borrower contribution
 - Foreign National and DSCR: Non-arm's length transactions are ineligible
 - Residual income for Primary Residence and Second Home transactions:
 - DTI <= 50%: \$2,500
 - DTI > 50%: \$3,500
- Please review the entire Lending Guide for the full list of revisions.

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Updated several sections with revised guidance for loans locked on or after 11.10.25. Updates include modifications to:
 - Lite P&L Statement documentation level requires two months of bank statements. Deposits must support 80% of the monthly average sales/revenue reported on the P&L
 - Prime: Gift funds are now allowed to 100% with certain restrictions for primary residence and second home transactions
 - Prime and Prime Plus: Updated seasoning and LTV variables for cash-out transactions and revised mortgage and rental verification requirements
 - DSCR: Non-arm's length transactions are ineligible
 - Residual income for Primary Residence and Second Home transactions:
 - DTI <= 50%: \$2,500
 - DTI > 50%: \$3,500
- Please review the entire Lending Guide for the full list of revisions.

Chapter 25 | Construction | Lending Guide

- Updated One-Time Close | Conventional section with expanded eligibility criteria for the extended age of credit documents used when converting a single-closing construction-to-permanent loan to permanent financing. Updates include:
 - Extending the exception for the age of credit documents to be greater than four months to up to 18 months at the time of conversion, and
 - Removing the requirement for a minimum representative credit score to be eligible for the exception
- *This update is effective as of 11.5.25 for all loans in process*

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

- Updated snapshot removing Maximum DTI of 45% for all 9- and 12-month terms and replaced with Eligibility per AUS and MI
- Lowered minimum Credit Score to 620 for all occupancies and loan limits (Conforming and High Balance)
- *These updates are effective as of 11.14.25 for all loans in process*

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency

- Numerous revisions to maximum LTV and loan amounts
- Non-arm's length transactions are ineligible
- Maximum acreage increased to 5

- Gift funds allowed after minimum 10% borrower contribution
- Revisions related to rental income documentation
- Reserve requirements reduced to six (6) months
- State restrictions for CT, FL, IL, NJ, and NY for maximum 70% LTV/CLTV for refinances and maximum loan amount limited to \$2,000,000 for all transactions
- *Updates effective for locks on or after 11.10.25*

November 7, 2025

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

- Removed the Cardinal overlay requiring the Cardinal Financial loan number associated with the property to be reflected on the Master Liability policy and Master Flood Insurance policy. *This update may be applied immediately to any loan in process*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Unique Housing Types section which provides guidance for nonstandard housing styles and includes examples of what may be considered 'unique' construction types. *This update is clarification only without any changes to existing policy*
- Removed the Cardinal overlay requiring the Cardinal Financial loan number associated with the property to be reflected on the Master Liability policy and Master Flood Insurance policy. *This update may be applied immediately to any loan in process*

Chapter 13 | VA | Lending Guide

- Added Unique Housing Types section which provides guidance for nonstandard housing styles and includes examples of what may be considered 'unique' construction types. *This update is clarification only without any changes to existing policy*

Chapter 14 | USDA | Lending Guide

- Added Unique Housing Types section which provides guidance for nonstandard housing styles and includes examples of what may be considered 'unique' construction types. *This update is clarification only without any changes to existing policy*
- Removed the Cardinal overlay requiring the Cardinal Financial loan number associated with the property to reflect on the Master Liability policy and Master Flood Insurance policy. *This update may be applied immediately to any loan in process*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updated the Condo Project Approval section with eligibility for Limited/Streamline project reviews, including but not limited to allowance for limited review of investment properties and properties in the state of Florida
- Added Ineligible Condo Warranty Types section
- Added LTV/CLTV limitations table for Limited Review of Established Condo Projects
- Added Square Footage Calculations section
 - *Updates are effective as of 10.29.25 for all loans in process*
- Added Temporary Guidance for government employees directly impacted by the October 2025 Federal Government Shutdown
 - *This update is effective as of 10.31.25 for all loans in process*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated the Condo Project Approval section with eligibility for Limited/Streamline project reviews, including but not limited to allowance for limited review of investment properties and properties in the state of Florida
- Added additional clarification under the Ineligible Condo Warranty Types
- Added LTV/CLTV limitations table for Limited Review of Established Condo Projects
- Added Square Footage Calculations section
 - *Updates are effective as of 10.29.25 for all loans in process*
- Added Temporary Guidance for government employees directly impacted by the October 2025 Federal Government Shutdown
 - *This update is effective as of 10.31.25 for all loans in process*

Retail & TPO Product Snapshots | FHA Purchase, Hawaiian Homelands, FHA 203(h), FHA One-Time Close (Retail), FHA 203(k) Standard and Limited, Cardinal Elite National Homebuyer Assistance

- Added a Cardinal Overlay requiring Landlord Education for purchase transactions involving 2-4 unit properties, regardless of whether rental income is used to qualify.
- At least one qualifying borrower must complete the education before the Note date
- Landlord education is not required if at least one occupying borrower currently owns an investment property that is generating rental income. This exception must be reviewed and approved through the Loan Review Process.
- *This is effective for locks on or after 11.5.2025*

October 31, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added guidance under Unique Housing Types including additional examples of what may be considered 'unique' construction types
- *This update is clarification only without any changes to existing policy*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added Title Vesting section providing guidance for eligibility when vesting in a Life Estate
- Updated guidance for Secondary Valuation Products to specify a variance of no more than 10% is permitted for a Field Review (previously no tolerance was permitted)
- *Updates are effective as of 10.22.25 for all loans in process*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Title Vesting section providing guidance for eligibility when vesting in a Life Estate
- Updated guidance for Secondary Valuation Products to specify a variance of no more than 10% is permitted for a Field Review (previously no tolerance was permitted)
- Removed 25 acre limit. Acreage limits remain unchanged for Texas Equity transactions
- *Updates are effective as of 10.22.25 for all loans in process*

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Removed Life Estates from Ineligible Product Feature section
- Updated guidance for Appraisal Secondary Valuation products
- Removed 25 acre limit. Acreage limits remain unchanged for Texas Equity transactions

Retail Product Snapshot | Cardinal Jumbo Prime Non-AUS | Interest Only ARM

- Removed Life Estates from Ineligible Product Feature section
- Updated guidance for Appraisal Secondary Valuation products

October 24, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added section for Properties 'Off-Grid'

- Updates are clarification of existing policy and may be applied immediately

Chapter 12 | Credit | FHA Lending Guide

- Added clarification in Gaps in Employment section for a gap due to short-term or long-term disability. FHA considers this a period of unemployment for underwriting purposes.
- This is a clarification only and is effective immediately

Retail & Third Party Origination | Product Snapshot | Freddie Mac Home Possible Mortgages

- Added guidance related to Landlord Education specifying the education is only required on the purchase of a 2-4 unit. This is an existing guideline and is applicable for all loans in process

Retail Product Snapshot | Redwood Sequoia Jumbo

- Added guidance that borrowers currently on furlough are ineligible. *This is an existing investor guideline and is effective as of 10/21/25 for all loans in process*
- Updated second appraisal requirements for Refinance Transactions increasing loan amount indicator from \$1.5M to \$2M
- Revised required reserves for First-time Homebuyers
- Added loans with departure residence buyout arrangements are ineligible
- Added additional guidance to Asset Depletion income
- Added second home eligibility to Temporary Buydowns
- *The above updates are effective for loans locked on or after 10.20.25*

Retail Product Snapshot | Redwood Sequoia AUS Jumbo

- Added guidance that borrowers currently on furlough are ineligible. *This is an existing investor guideline and is effective as of 10/21/25 for all loans in process*
- Updated second appraisal requirements for Refinance Transactions increasing loan amount indicator from \$1.5M to \$2M
- Revised required reserves for Primary Residence transactions
- Added loans with departure residence buyout arrangements are ineligible
- *The above updates are effective for loans locked on or after 10.20.25*

October 17, 2025

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added Mortgage Held in the Name of a Family Trust section to provide additional documentation required in order to determine if property is included in the DTI calculation

- *This is a clarification only and is effective immediately*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated guidance related to Royalty Payment Income to include alternate documentation for income received for two years or greater. This is applicable for Freddie Mac (LPA) loans only
- Updated guidance related to SSI Benefit paid as Survivor Benefits breaking out Fannie Mae and Freddie Mac requirements
- *These updates are clarification of existing agency guidelines and may be applied immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added Mortgage Held in the Name of a Family Trust section to provide additional documentation required in order to determine if property is included in the DTI calculation.
- *This is a clarification only and is effective immediately*

Chapter 13 | VA | Lending Guide

- Added Mortgage Held in the Name of a Family Trust section to provide additional documentation required in order to determine if property is included in the DTI calculation.
- *This is a clarification only and is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added section for Properties 'Off Grid'
- Added Mortgage Held in the Name of a Family Trust section to provide additional documentation required in order to determine if property is included in the DTI calculation.
- *This is clarification of existing guidance and may be applied immediately*

October 10, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated the Property Condition Ratings section to include an exception related to deficiency ratings for Freddie Mac CHOICERenovation mortgages
- Updated the Condition Ratings table to include a Criteria column which aligns with current UAD specifications
- *These updates align with current policy and may be applied as of 10.1.25 to all loans in process*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Removed Declining Market section and added Market Conditions and Changing Markets section addressing increasing and decreasing markets
- Added section for Properties 'Off Grid'
- Clarified Termite Inspections section for all building status types along with outlining the required inspection forms to be used. Also revised New Construction > Required Inspections section for clarity.
- *This is existing FHA guidance and may be applied immediately*

Chapter 13 | VA | Lending Guide

- Added a new section, Property Construction Definitions and Required Inspections along with refinancing requirements for the different types of construction for clarity.
- *No policy changes were made and may be applied immediately*

Product Snapshot | U.S. Bank Jumbo Fixed

- Added guidance related to Mandatory Furlough, stating the borrower must be employed prior to settlement
- *This update is effective as of 10.7.25 for all loans in process*

Product Snapshot | U.S. Bank Jumbo ARM

- Added guidance related to Mandatory Furlough, stating the borrower must be employed prior to settlement
- *This update is effective as of 10.7.25 for all loans in process*

October 3, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Added Name Variations section which provides uniform guidelines for handling borrower name variations across all loan documents and systems
- *Update is a clarification of current Cardinal Policy and is effective immediately*

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added clarification regarding Buy Before You Sell programs and acceptability in order to exclude the PITIA of the pending sale property in the Debt-to-Income Ratio calculations.

- *This is a clarification only and is effective immediately*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Non-Taxable Income section specifying documentation is not required to support the following income types are nontaxable: Section 8 Housing and Child support income
- *This update aligns with current agency guidance and may be applied immediately*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added clarifying language specific to DSCR transactions under Cash-Out Refinance > loans not eligible for cash-out
- *This is clarification of an existing policy and is effective immediately*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added clarifying language specific to DSCR transactions under Cash-Out Refinance > loans not eligible for cash-out
- *This is clarification of an existing policy and is effective immediately*

Retail and TPO Product Snapshots | USDA Purchase

- Updated with new USDA Fiscal Year (FY) dates beginning October 1st, 2025 and ending on September 30th, 2026

Retail and TPO Product Snapshots | USDA Refinance

- Updated with new USDA Fiscal Year (FY) dates beginning October 1st, 2025 and ending on September 30th, 2026

September 26, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Added Subject Property Address Standards and Permitted Variations section which provides standards for Subject Property Address Determination, Address Variations, Unit Number handling (with Octane alignment), TRID change examples, and Credit Report address consistency
- *Update is a clarification of current Cardinal Policy and is effective immediately*

Chapter 6 | Credit | Conventional Lending Guide

- Renamed the Loan Quality Initiative Report section to Debt Monitoring Report and provided detailed guidance for a new automated feature within Octane related to the monitoring of public records, newly acquired debt and credit inquiries

Chapter 14 | USDA | Lending Guide

- Updated the maximum PITIA Ratio to 29% and the maximum PITIA Ratio to 32% for a Ratio Waiver effective for conditional commitments issued on or after 11.4.25
- Please note, any applications which have not received a Conditional Commitment prior to 11.4.25 will adhere to the adjusted guidelines. In addition, any applications which have received a Conditional Commitment prior 11.4.25, but are released and/or resubmitted in GUS on or after 11.4.25, will adhere to the adjusted guidelines

Chapter 22 | Renovation | Lending Guide

- Added Interested Party Contributions section under the FHA 203(k) Loan Program with clarification that the limit of 6% should be based off of the contract sales price (or as-is value), and should not be calculated using the after-improved value of the property
- *This update is clarification only and is effective immediately*

Retail Product Snapshot | Cardinal Jumbo AUS Expanded Plus

- Added Transaction Types - Ineligible section outlining ineligible transaction types under this product. *This update is effective for all loans currently in process*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent Plus | Non-Agency

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent | Non-Agency

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR | Non-Agency

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Plus Non-Agency

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Non-Agency

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Investor Solutions DSCR

- Added State Restrictions for Arizona and Texas listing additional ineligible borrower types specific to those states
- *Updates are effective as of 9.24.25 for all loans in process*

September 19, 2025

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated FNMA Limited Cashout section to specify for DU V. 12.0 loan casefiles submitted or resubmitted to DU on or after the weekend of Sept. 27, 2025, the amount of cash back the borrower may receive will be increased to the greater of 1% of the unpaid balance of the new mortgage, or \$2,000

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Added clarification regarding short-term debt providers and provided examples of programs that do not extend beyond 10 months and do not require additional explanation or documentation. *This is a clarification only and is effective immediately.*

Chapter 12 | Credit | FHA Lending Guide

- Added clarification regarding short-term debt providers and provided examples of programs that do not extend beyond 10 months and do not require additional explanation or documentation. *This is a clarification only and is effective immediately.*

Chapter 13 | VA | Lending Guide

- Added clarification regarding short-term debt providers and provided examples of programs that do not extend beyond 10 months and do not require additional explanation or documentation. *This is a clarification only and is effective immediately.*
- Refactored the following sections for clarity. No policy changes were made.
 - Debt-to-Income Ratio
 - Loans with Debt Ratio Greater than 41 Percent
 - VA Compensating Factors

Chapter 14 | USDA | Lending Guide

- Added clarification regarding short-term debt providers and provided examples of programs that do not extend beyond 10 months and do not require additional explanation or documentation. *This is a clarification only and is effective immediately.*

Chapter 17 | Title Insurance Requirements | Lending Guide

- Updates made to Types of Vesting section to include detailed guidance related to Life Estates. Added eligibility for Conventional loans clarifying Fee Simple Ownership of a property held in a life estate is permitted and included requirements which would allow this type of ownership
- *Conventional eligibility is effective for all loans in process as of 9.3.25*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide & Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added Mixed-Use and Properties > 4 units to the Ineligible Properties section. *This is a clarification of existing policy and is effective immediately.*

Retail Product Snapshot | Cardinal Equity Access (Closed-end Stand Alone)

- Increased Loan Amount from \$350,000 to \$500,000 for Primary Residence, Rate/Term transactions with FICO of 680 or greater
- Increased age of Valuation product from 1 month to 2 months
- *These updates are effective with TRID Application date on or after 7.18.25*

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

- Updated eligible property type to permit Single-width manufactured homes
- Updates made to the Appraisal Requirements to permit either the Fannie Mae MH Advantage® Sticker or the Freddie Mac CHOICEHome label to evidence the property meets the required construction elements for mortgages secured by MH Advantage
- *These updates are effective as of 9.3.25 for all loans in process*

September 12, 2025

Chapter 9 | Assets | Conventional Lending Guide

- Updated Minimum Borrower Contribution requirements when the transaction contain gift funds breaking out Fannie Mae and Freddie Mac guidance
- *This update aligns with current Agency guidance and is effective as of 9.12.25 and includes all loans in process*

Chapter 25 | Construction | Lending Guide

- FHA OTC: Updated Recorded Land Contract section specifying the property acquisition date is the recorded date of the land contract, regardless of individual state rules or regulations

- *This update aligns with current FHA guidance and is effective with Case Numbers dated on or after 8.12.25*

September 5, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Specified for FNMA, the standard exception Code GXX001 will no longer be available, requiring appraisers to fully comply with the ANSI Standard, including any required declarations. *This update is effective for TRID application date on or after 9.8.25*
- Updated the Square Footage-Method for Calculating ANSI® Z765-2021 measuring standard replacing the terminology 'gross living area (GLA) and basement' with 'above and below grade finished areas'. *This update is effective for TRID application date on or after 9.8.25*

Chapter 12 | Credit | FHA Lending Guide

- Updated the Allowable Exceptions > Increase in Family Size section permitting borrowers to obtain an additional FHA mortgage with clarifying language related to the existing FHA mortgage. Removed the requirement to validate the existing property has a bedroom count that is lower than the subject property bedroom count. Clarified a full Conventional Appraisal Report is required when documenting the LTV ratio on the current FHA mortgage encumbered property. *These updates align with current FHA guidance and may be applied immediately*
- Updated Recorded Land Contract section specifying the property acquisition date is the recorded date of the land contract, regardless of individual state rules or regulations. *This update aligns with current FHA guidance and is effective with Case Numbers dated on or after 8.12.25*

Retail & Third Party Origination Product Snapshots | Conforming Fixed & Adjustable Rate Mortgage | Freddie Mac

- Updated LTV/CLTV for Primary Residence Purchase and Rate / Term Refinance as follows:
 - 2-Unit = 95% (previously 85%)
 - 3-4 Units = 95% (previously 80%)
- *These changes are effective with locks on or after 9.8.25*

August 29, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Added guidance under Acceptable Third-Party Employment Verification Vendors to identify acceptability of Octane integrated vendors as well as vendors not yet integrated that require underwriter review.
- *This is a clarification and effective immediately*

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

- Updated the Cooperative Share Loan (Co-op) section with the following:
 - Updated project eligibility requirements related to the remaining term for balloon mortgage under the Full Review Eligibility for New and Established Co-op Projects table
 - Updated requirements related to the project's number of years audited financial statements (or equivalent) from one year to two years
 - Added additional guidance related to negative cash flow for the present year
- *These updates may be applied immediately to all loans in process*
- Added New Property Eligibility Waiver (PEW) submissions will no longer be accepted after 9.1.25
- Added Subordinate Financing is permissible for Loan Casefile submissions dated on or after 9.27.25

Chapter 13 | VA | Lending Guide

- Added detailed guidance for Sales Comparison Approach, Cost Approach and Income Approach
- *This update aligns with current VA guidance and is effective immediately*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Expanded Interested Party Contributions section to include detailed guidance related to:
 - Financing Concessions
 - Interested Party Contributions - provided additional clarification. Note- contribution limits remain unchanged
 - Undisclosed IPCs
 - Lender Incentives
- *These updates are effective for Note dates on or after 9.3.25*

August 22, 2025

Chapter 12 | Credit | FHA Lending Guide

- Added clarification under Gift of Equity that if the amount of the Gift of Equity exceeds the borrower's MRI, closing costs and other charges necessary to close the loan, the borrower may receive the remaining funds at settlement
- *This update aligns with current FHA guidance and may be applied immediately*

Chapter 24 | HUD Section 184 Indian Housing | Lending Guide

- Added the following guidance under the Non-Permanent Resident Aliens section:
 - Effective for Section 184 Case Numbers assigned on or after 10/07/2025, borrowers with a Non-Permanent Resident Alien designation are ineligible

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

- Added clarification that borrowers may not close in the name of an LLC. This is an existing policy already in effect

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

- Added clarification that borrowers may not close in the name of an LLC. This is an existing policy already in effect

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

- Added clarification that borrowers may not close in the name of an LLC. This is an existing policy already in effect

August 15, 2025

Chapter 9 | Assets | Conventional Lending Guide

- Added guidance under Pooled Funds for Freddie Mac stating Pooled funds are an ineligible asset type for Investment Property transactions
- *This update aligns with current Freddie Mac guidance and is effective as of 8.13.25 and includes all loans in process*

Chapter 14 | USDA | Lending Guide

- Updated Elderly Household Deduction from \$400 to \$525 per household
- *This update is effective as of 8.11.25 for all loans in process. USDA Handbook changes to reflect the new deduction amount will be forthcoming, however the Guaranteed Underwriting System (GUS) is correctly applying the increased deduction at this time*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Removed Frozen Credit as ineligible and replaced with guidance the credit report is still eligible if credit data is available from two repositories, a credit score is obtained from at least one of those two repositories, and a three in-file merged report is obtained
- *This update is effective as of 8.6.25 for all loans in process*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Removed guidance related to Frozen Credit stating no borrower in a transaction may have frozen credit and updated with direction to follow guidance provided in [Chapter 2 | Documentation Standards | Lending Guide](#)
- *This update is effective as of 8.6.25 for all loans in process*

Retail & Third Party Origination Product Snapshots | Freddie Mac CHOICEHome

- Updated ChoiceHome eligibility to allow mortgages to be secured by single-wide CHOICEHomes. Added guidance that the construction elements for single-wide CHOICEHome must include a covered porch (minimum 72 sq. ft.), and an attached carport/garage (space to accommodate one or two cars) built with materials and finishes equivalent to the primary structure
- This update is effective as of 8.7.25, including all loans in process

August 8, 2025

Chapter 8 | Employment and Income | Conventional Lending Guide

- Revised Employment Contracts or Offers section to remove the Cardinal Overlay on Fannie Mae Option 1 and 2. Published Fannie Mae guidance stating that the projected income must be a fixed base, which could be a salary or an hourly income that is fixed, such as fixed hours or guaranteed hours.

- *This update may be applied immediately*

Chapter 9 | Assets | Conventional Lending Guide

- Updated Retirement Accounts section breaking out Fannie Mae and Freddie Mac guidance.
- Added Securities section which provides guidance for Stocks, Bonds and Mutual Funds while breaking out Fannie Mae and Freddie Mac guidance
- *Updates align with current agency guidelines and are effective immediately for all loans in process*

Chapter 14 | USDA | Lending Guide

- Revised the conflict of interest guidance to clarify that only employees that have a direct impact on the mortgage transaction are prohibited from having multiple sources of income from a single Rural Development transaction
- Clarified taxable income for Housing or Parsonage Allowance should be included in annual income
- Added guidance for verifying previous employment
- Added direct third-party verifications to the options for verifying assets
- Clarified reserves entered into GUS must not exceed the balance on the most recent official monthly bank statement, however lenders may choose to use a lower balance at their discretion
- Clarified multiple Verifications of Rent may be combined to make up the required 12 month history when no gaps exist
- Combined the disputed accounts guidance into one section
- Clarified the credit report for a non-purchasing spouse is maintained in the lender's permanent loan file
- *Updates are effective for Conditional Commitments dated on or after 8.5.25*

Chapter 17 | Title Insurance Requirements | Lending Guide

- Added Other Required Endorsements section under Survey and Survey Endorsements outlining specific endorsement forms and their respective uses
- *This is clarification only and may be applied immediately*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added under the Additional Guidelines Specific to the Expanded Plus Program:
 - Updated Second Appraisal Requirement section breaking out second appraisal guidelines according to loan type and loan amount
 - Added additional guidance under the Delayed Financing section

- Added Declining Markets section specifying LTV >65% requires a reduction of 5% and LTV ≤65% requires no LTV reduction. Previous guidance required a 10% reduction regardless of LTV
- *These updates are effective for locks dated on or after 8.8.25*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added clarification under Ineligible Condo Warranty Types that loans with a Project Eligibility Waiver (PEW) from Fannie Mae, are not eligible
- *This is clarification of an existing policy and is effective immediately for all loans in process*

Chapter 25 | Construction | Lending Guide

- Updated Builder's Risk Insurance references to Construction Phase Insurance
- Updated Property Insurance section stating that transit insurance coverage is no longer required to be included in the Construction Phase Insurance policy for manufactured homes
- Added guidance under Endorsements for the following endorsements: Construction Loan Disbursement Endorsement and Modification Endorsement
- *These updates are effective immediately including loans in process*

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

- Updated Builder's Risk Insurance references to Construction Phase Insurance.
- Updated Property Insurance section stating that transit insurance coverage is no longer required to be included in the Construction Phase Insurance policy for manufactured homes.
- *These updates are effective immediately including loans in process.*

August 1, 2025

Chapter 13 | VA | Lending Guide

- Updated the Local Requirements section for Wood-destroying insect inspection requirements to clarify the specific counties in certain states where wood-destroying insect inspections are required
- *This update aligns with VA guidance effective for TRID Application date on or after 7.11.25*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added the following guidance under Properties owned Free and Clear:
 - If the borrower is only on the title to the non-subject property and is not obligated on the Note, then the expenses of that property are not required to be included in the DTI ratio calculation
- *This update is effective for all loans in process as of 7.23.25*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added additional guidance for Properties owned Free and Clear:
 - Follow respective agency guidelines based on the AUS method when the borrower is only on the title of a non-subject property and is not obligated on the Note
- *This update is effective for all loans in process as of 7.23.25*

Chapter 25 | Construction | Lending Guide

- Updated Property Insurance section to remove modular homes from transit insurance requirements on the Builder's Risk Policy
- Updated guidance related to Builder Requirements stating owner-builder, self-help, or borrower builds are prohibited
- *These updates are effective immediately including loans in process*

Retail Product Snapshot | Cardinal Equity Access (Closed-end Stand Alone)

- Added guidance to follow Fannie Mae requirements for documenting and calculating liabilities (regardless of which AUS engine is utilized)
- *This update is effective for all loans in process as of 7.25.25*

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

- Updated Insurance Requirements section to remove modular homes from transit insurance requirements on the Builder's Risk Policy. *This update is effective immediately including loans in process.*
- Updated guidance related to Builder Requirements stating owner-builder, self-help, or borrower builds are prohibited. *This update is effective immediately including loans in process.*

July 25, 2025

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

Added the following as an ineligible Condo and Cooperative characteristic for all agencies:

- Projects that are terminating or involved in insolvency proceedings:
 - A project must not be the subject of an action that would cause the project to cease to exist, including termination, deconversion, or dissolution of the project's legal structure
 - In addition, a project must not be the subject of a voluntary or involuntary bankruptcy, insolvency, liquidation, or receivership proceeding, or any substantially similar action under state or federal law. This includes any project that has voted, or is in the process of voting on, any of the actions or proceedings described above.
- *This update is effective for all loans in process as of 7.2.25*

Retail Product Snapshot | BankUnited Jumbo Fixed & ARM

- Added Condominiums located in Florida under the Property Category 2 LTV Matrix
- Added cashout refinance transactions are ineligible if the property is located in a declining market as indicated by the appraiser
- Added additional guidance under H06 insurance specifying the coverage must provide for 100% replacement cost as supported by an Insurance Cost Estimator
- *Updates are effective with TRID application date on or after 7.15.25*

Retail & Third Party Origination Product Snapshots | Freddie Mac CHOICEHome

- Updates made to the CHOICEHome requirements to permit either the Fannie Mae MH Advantage® Sticker or the Freddie Mac CHOICEHome label to evidence the property meets the required construction elements for Mortgages secured by CHOICEHomes
- *This update is effective for all loans in process as of 7.2.25*

Retail & TPO Conventional Snapshots

- Where products do not require an appraisal, or where Appraisal Waivers are permitted, the following guidance has been added:
 - Properties located in the state of Kansas:
 - Any product where an appraisal is not required must have documentation maintained in the file to support the market value of the subject property. This can be satisfied with one of the following:
 - County Tax Assessor Records: Utilizing the total appraised value as reflected in the most recent records of the county tax assessor where

- the property is located
- Appraisal: Obtaining a written appraisal performed within the past 12 months by a Kansas-licensed or certified appraiser
- *This update aligns with Kansas State law and is effective immediately*

Retail & TPO Product Snapshots | FHA Streamline Refinance

- Added the following guidance for properties located in the state of Kansas:
 - Any product where an appraisal is not required must have documentation maintained in the file to support the market value of the subject property. This can be satisfied with one of the following:
 - County Tax Assessor Records: Utilizing the total appraised value as reflected in the most recent records of the county tax assessor where the property is located
 - Appraisal: Obtaining a written appraisal performed within the past 12 months by a Kansas-licensed or certified appraiser
- *This update aligns with Kansas State law and is effective immediately*

Retail & TPO Product Snapshots | VA Interest Rate Reduction Refinance Loan (IRRRL)

- Added the following guidance for properties located in the state of Kansas:
 - Any product where an appraisal is not required must have documentation maintained in the file to support the market value of the subject property. This can be satisfied with one of the following:
 - County Tax Assessor Records: Utilizing the total appraised value as reflected in the most recent records of the county tax assessor where the property is located
 - Appraisal: Obtaining a written appraisal performed within the past 12 months by a Kansas-licensed or certified appraiser
- *This update aligns with Kansas State law and is effective immediately*

Retail & TPO Product Snapshots | USDA Refinance

- Added the following guidance for properties located in the state of Kansas:
 - Any product where an appraisal is not required must have documentation maintained in the file to support the market value of the subject property. This can be satisfied with one of the following:
 - County Tax Assessor Records: Utilizing the total appraised value as reflected in the most recent records of the county tax assessor where the property is located
 - Appraisal: Obtaining a written appraisal performed within the past 12 months by a Kansas-licensed or certified appraiser
- *This update aligns with Kansas State law and is effective immediately*

July 18, 2025

Chapter 3 | Automated Underwriting | Conventional Lending Guide

- Added guidance under LPA Positive Rental Payment History in Credit Assessment indicating for LPA mortgages, the borrower's rent payment history may impact the LPA credit assessment by upgrading a mortgage's Risk Class from Caution to Accept. Full guidance for this enhancement can be found in Chapter 6 | Credit | Conventional Lending Guide
- *This update is effective immediately*

Chapter 6 | Credit | Conventional Lending Guide

- Added guidance under the Positive Rental Payment History in Credit Assessment section indicating for LPA mortgages, the borrower's rent payment history may impact the LPA credit assessment by upgrading a mortgage's Risk Class from Caution to Accept
- *This update is effective immediately*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added the following as an unacceptable source of funds for the Cardinal Jumbo AUS and Cardinal Jumbo AUS Expanded programs: any 0% interest-bearing (non-interest bearing) asset accounts with a balance of \$500,000 or greater with little to no activity
- *This update is effective for any loan in process as of 7.11.25*

Chapter 25 | Construction | Lending Guide

- Added Endorsements section clarifying that in addition to any applicable required endorsements as listed within Chapter 17 | Title Insurance Requirements | Lending Guide, Cardinal requires the following for Construction One Time Close transactions:
 - ALTA 33 (Construction Loan Disbursement Endorsement) for all construction loans, or
 - A Texas Endorsement T-3, where applicable
- *This update aligns with current policy and is effective immediately*

Retail & Third Party Origination Product Snapshots | Cardinal Jumbo AUS

- Added the following Geographic Restrictions for Investment Properties located in New Jersey: Bergen County and Essex County

- *This update is effective for any loan in process as of 7.11.25*

Retail & Third Party Origination Product Snapshots | Cardinal Jumbo AUS Expanded

- Added the following Geographic Restrictions for Investment Properties located in New Jersey: Bergen County and Essex County
- Added the following Geographic Restrictions for Investment Properties located in New York: Brooklyn, Orange County, Rockland County
- *This update is effective for any loan in process as of 7.11.25*

Product Snapshot | U.S. Bank Jumbo Fixed

- Updated guidance for Alimony as a Liability clarifying the debt must be treated as a reduction from the borrower's gross income
- Added monthly rental expense on a residence when the borrower is purchasing or refinancing a second or vacation home and will have ongoing rental payments should be included in the DTI
- *Updates are effective as of 7.3.25 for all active loans*

Product Snapshot | U.S. Bank Jumbo ARM

- Updated guidance for Alimony as a Liability clarifying the debt must be treated as a reduction from the borrower's gross income
- Added monthly rental expense on a residence when the borrower is purchasing or refinancing a second or vacation home and will have ongoing rental payments should be included in the DTI
- *Updates are effective as of 7.3.25 for all active loans*

July 11, 2025

Chapter 12 | Credit | FHA Lending Guide

- Updated the Eligible Transactions > Recorded Land Contract section with the following clarifications:
 - The land contract must be recorded on or before the Case Number Assignment date
 - The property acquisition date is the recorded date of the land contract
- *This update aligns with current FHA guidance and is effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- *These updates align with ML2025-18 and may be applied immediately*

- Updated Minimum Photograph Requirements streamlining photo requirements within the following sections:
 - Subject Property Interior
 - Subject Property Exterior
 - Comparable Sales, Listing and Pending Sales
 - Condominium Projects
- Removed the following requirement under Declining Market
 - The Appraiser must provide a summary comment as to whether the current trend will continue or if the trend appears to be changing
- *This update aligns with ML2025-17 issued 6.27.25*
 - Clarified guidance for Flood Elevation Certificates removing direction related to TRID Application dated prior to January 1st, 2025 and TRID Application dated after January 1st, 2025
 - There is no change to the current policy; requirements related to the adherence of the 100-year flood elevation guideline are still in effect

Chapter 25 | Construction | Lending Guide

- Clarified guidance for Flood Elevation Certificates removing direction related to TRID Application dated prior to January 1st, 2025 and TRID Application dated after January 1st, 2025
- There is no change to the current policy; requirements related to the adherence of the 100-year flood elevation guideline are still in effect
- *This update aligns with ML2025-17 issued 6.27.25*

July 4, 2025

Chapter 12 | Credit | FHA Lending Guide

- Added Servicing Fees and Charges section providing guidance for Allowable and Prohibited Fees and Charges
- *This update aligns with current FHA guidance without any changes to Cardinal policy*

Chapter 25 | Construction | Lending Guide

- System updates related to Builder Fees, Maximum Mortgage Amount, Interest Reserves and Calculating Lot Equity for VA OTC loans dated on or after TRID Application Date 6.5.24 have been completed within Octane; removed the requirement for Credit Manager review
- *This update is effective for current loans in process as of 6.25.25*

Resource | Government Loan Seasoning Requirements

- Added specific payment history requirements to VA Type I, VA Type II, VA IRRRL, and FHA Streamline programs to add further clarity

- *This clarification aligns with current agency guidance and is effective immediately*

Retail Product Snapshot | BankUnited Jumbo Fixed & ARM

- Provided additional Ineligible Property Types and added clarification to existing ineligible Property Types
- Added to the Definitions of Declining Market and Unique Properties to aid in identifying the respective property characteristics
- Added Property Marketability guidance which includes minimum distance for comparable sales
- Added Condo/Coop Insurance Requirements
- Added additional clarification for Site Condos
- *These updates are effective with TRID Application dates on or after 7.1.25*

Retail Product Snapshot | Simple Access Graduate Program | Luxury Mortgage

- Updated Geographic Restrictions to include the following areas according to Occupancy:
 - Orange County, NY, Baltimore City, MD, Chicago, IL, Indianapolis, IN- Investment Property occupancy
 - Lubbock, TX, Cape Coral, FL, Lehigh Acres, FL, Saint James City, FL- all Occupancies
- *This update is effective as of 7.2.25 for all loans in process*

June 27, 2025

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated the Public Assistance Income section with continuance requirements for Freddie Mac and Fannie Mae
- *This clarification aligns with current agency guidance and is effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added Cardinal Overlay stating when funds from a Certificate of Deposit (CD) are required for the down payment or closing costs, and the Note date precedes the CD's maturity date, proof of liquidation is required to reflect any potential early withdrawal penalties and confirm the net available funds
- *This update is a Cardinal overlay and is effective immediately*

Chapter 13 | VA | Lending Guide

- Added Cardinal Overlay stating when funds from a Certificate of Deposit (CD) are required for the down payment or closing costs, and the Note date precedes the CD's maturity date, proof of liquidation is required to reflect any potential early withdrawal penalties and confirm the net available funds

- Added documentation used to support Section 8 income must reflect the terms, including the source, benefit type, payment frequency and payment amount
- *These updates are Cardinal overlays and are effective immediately*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Plus Non-Agency

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Non-Agency

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Investor Solutions DSCR

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

Product Snapshot | U.S. Bank Jumbo Fixed

- Reduced maximum LTV for attached condos located in Florida:
 - Maximum 75% for Primary Residence
 - Maximum 65% for Second Home and Investment
- *Updates are effective with locks on or after 6.23.25*

Product Snapshot | U.S. Bank Jumbo ARM

- Reduced maximum LTV for attached condos located in Florida:
 - Maximum 75% for Primary Residence
 - Maximum 65% for Second Home and Investment
- *Updates are effective with locks on or after 6.23.25*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent Plus | Non-Agency

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent | Non-Agency

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR | Non-Agency

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency

- Added the following State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligible
- *This update is effective for loans locked on or after 6.25.25*

June 20, 2025

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated the Military Income section breaking out Fannie Mae and Freddie Mac guidance. Removed the requirement for the W-2 to be provided along with the LES for Freddie Mac transactions, which aligns with current Fannie Mae guidance
- *This update may be applied immediately*

Chapter 9 | Assets | Conventional Lending Guide

- Updated Certificate of Deposit section breaking out Fannie Mae and Freddie Mac guidance; this revision aligns with guidance from the respective agencies without any change to current policy
- Added Cardinal Overlay stating when funds from a Certificate of Deposit (CD) are required for the down payment or closing costs, and the Note date precedes the CD's maturity date, proof of liquidation must be provided to reflect any potential early withdrawal penalties and confirm the net available funds
- *This update is effective immediately*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added Proceeds from a Bridge Loan as an eligible source of reserves
- Added additional guidance under Occupancy for Primary Residence and Second Home. Clarification under Primary Residence includes direction for military service members, parents or legal guardians wanting to provide housing for their handicapped or disabled adult child and children wanting to provide housing for parents
- Added guidance for Buy Before You Sell Programs stating when a borrower participates in a "Buy Before You Sell" or similar program, the PITIA must be included in the DTI calculation
- *Updates may be applied to loans in process as of 6.11.25*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated incidental cash back to the borrower for a No Cash-out Refinance transaction to reflect the greater of 1% or \$2,000
- Updated Occupancy section to Follow respective Agency guidelines based on AUS method for primary occupancy definition
- *Updates may be applied to loans in process as of 6.11.25*

Retail & Third Party Origination | Product Snapshot | Freddie Mac Home Possible Mortgages

- Added clarification under the Freddie Mac BorrowSmart program that borrowers do not need to be a first time homebuyer to be eligible

June 13, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated Leasehold Estate section breaking out Fannie Mae and Freddie Mac guidance and including clarifications related to current vesting of the fee estate, title requirements, lease requirements for when either the Borrower or HOA is the Lessee under Fannie Mae, and added additional guidance for properties located within the state of Maryland
- *These updates align with current Fannie Mae or Freddie Mac guidance and are effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added outstanding PACE/HERO lien on the property after closing, regardless of the ability to subordinate, is ineligible
- Added clarification related to when a second appraisal is required (no change to existing policy)
- *Updates are effective with loans locked on or after 6.11.25*

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Multiple updates to the Loan Amount, LTV/CLTV and corresponding Base Reserve Requirements
- Condos are now permitted with Investment Properties
- Cashout is now permitted with Second home and Investment Properties
- Cashout maximum increased to \$2.5M depending on LTV and FICO score
- Primary residence over 85% LTV limits by county have been eliminated
- Added outstanding PACE/HERO lien on the property after closing, regardless of the ability to subordinate, is ineligible
- *Updates are effective for loans locked on or after 6.11.2025*

June 6, 2025

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added section Discretionary Earnings Classification and History of Receipt providing guidance on the use of income when a borrower has changed from a bonus-based pay structure to a commission-based pay structure (or vice versa) and a continuity of pay structure can be documented
- *This update may be applied immediately*

Chapter 13 | VA | Lending Guide

- Clarified guidance under the Co-signor/Co-obligor on a Loan or Obligation section specifying to omit a debt paid for by another party, the other party making the payments must also be an obligor on the debt
- *This update is a Cardinal overlay and is effective immediately*

Chapter 16 | Insurance | Lending Guide

- Added new Ineligible Insurance Providers section.
- *This update is effective immediately.*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added Escrows section clarifying the following:
 - Flood insurance escrows cannot be waived for subject properties located in SFHAs
 - Escrow accounts for taxes and insurance premiums will be required on transactions secured by a principal residence deemed to be an HPML
- *Updates are clarification only and are effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added the following clarification to the Escrows section:
 - Escrow accounts for taxes and insurance premiums will be required on transactions secured by a principal residence deemed to be an HPML
- *This is existing policy and is effective immediately*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added clarification to Employment Status Documentation that in addition to A-12 or C-19 being ineligible designations, other types of temporary status, temporary stay, or parole associated with the borrower's country of origin are ineligible
- *This update is effective immediately*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added clarification to Employment Status Documentation that in addition to A-12 or C-19 being ineligible designations, other types of temporary status, temporary stay, or parole associated with the borrower's country of origin are ineligible
- *This update is effective immediately*

Chapter 25 | Construction | Lending Guide

- Added new Ineligible Insurance Providers section.
- *This update is effective immediately.*

Retail and Third Party Origination | Product Snapshot | Freddie Mac Home Possible Mortgages

- Updated BorrowSmart availability indicating loans must fund on or before December 31st , 2025. Prior instruction indicated loans must be referred for Program eligibility on or before March 31, 2025

May 30, 2025

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added section Lender Incentives
- *This update is effective immediately*

Chapter 9 | Assets | Conventional Lending Guide

- Expanded Interested Party Contribution Limits to provide clearer definitions of IPCs
- Added additional items not subject to maximum financing concessions
- Expanded Sales Concession section to provide additional guidance and additional examples
- Clarified a realtor rebate, not applied to the transaction (for example, not used towards closing costs), must be treated as a sales concession, regardless of when the rebate is provided
- *This update is effective immediately*

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated Freddie Mac Manufactured Housing Requirements removing the requirement for a reciprocal review for single-wide manufactured homes located in a PUD. *This update is effective as of 5.07.25*

Chapter 25 | Construction | Lending Guide

- VA OTC: Added clarification under Borrower Allowable Fees that the Veteran may not pay any fees that are the builder's responsibility which includes Builder's Risk Insurance. *This update is clarification of an existing VA policy and is effective immediately*

May 23, 2025

Chapter 16 | Insurance | Lending Guide

- Clarified in the Homeowner's Insurance Coverage Requirements section that an Actual Cash Value claims settlement cannot be applied to roofs, regardless of age. *This is a clarification and is effective immediately*

Chapter 18 | Mortgage Insurance | Lending Guide

- Removed ineligibility for Jumbo and High Balance loans in the state of Maryland through Radian MI. *This update is effective immediately*

Retail Product Snapshot | Onslow Bay Jumbo AUS

- Added guidance for when the subject property is located within a declared Disaster Area

Retail Product Snapshot | Truist Jumbo Fixed

- Updated snapshot removing Loan Amount tier of \$1,000,000 and \$750,000 for Primary Residence Transactions. *This update aligns with current Truist guidance and is effective immediately*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent | Non-Agency Lock Date on or After 4.21.25

- Removed 620 FICO score on Standard, Bank Statement and 1099 documentation for Primary Residence, Second Home and Investment transactions
- Derogatory Event Seasoning applicable to Bankruptcy, Foreclosure, Short Sale, Deed-in-Lieu, Pre Foreclosure and Mortgage Charge-Off
 - Allowed on or after 36 months with no LTV or loan amount restrictions
 - Allowed on or after 24 months with LTV and loan amount restrictions
- *Effective for loans locked on or after 5.20.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime | Non-Agency Lock Date on or After 4.21.25

- Removed 620 FICO score on Standard, Bank Statement and 1099 documentation for Primary Residence, Second Home and Investment transactions
- Derogatory Event Seasoning applicable to Bankruptcy, Foreclosure, Short Sale, Deed-in-Lieu, Pre Foreclosure and Mortgage Charge-Off
 - Allowed on or after 36 months with no LTV or loan amount restrictions
 - Allowed on or after 24 months with LTV and loan amount restrictions
- *Effective for loans locked on or after 5.20.25*

May 16, 2025

Chapter 12 | Credit | FHA Lending Guide

Updated the following income sources to clarify three year continuance should be from the Note date:

- Alimony, Child Support and Maintenance
- Pension
- IRA and 401(k)
- Employment as a Travelling Nurse
- All remaining income types where continuance is required, but a 'from' date is not defined by FHA

This is a Cardinal Overlay and is effective immediately

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added two sections under the Appraisal topic: Detrimental Conditions and Required Inspection providing additional guidance related to the property and any required inspections
- Provided examples of deficiencies that indicate the property is in C5 or C6 condition
- *Updates related to Detrimental Conditions are effective for TRID Application date on or after 5.6.25*
- *All remaining updates are effective as of 4.30.25*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added two sections under the Appraisal topic: Detrimental Conditions and Required Inspection providing additional guidance related to the property and any required inspections
- Provided examples of deficiencies that indicate the property is in C5 or C6 condition
- *Updates related to Detrimental Conditions are effective for TRID Application date on or after 5.6.25*

- *All remaining updates are effective as of 4.30.25*

Retail and TPO Product Snapshots | Fannie Mae HomeReady

- Updated snapshots with 2025 Area Median Income (AMI) eligibility

Retail and TPO Product Snapshots | Freddie Mac Home Possible Mortgages

- Updated snapshots with 2025 Area Median Income (AMI) eligibility

Retail and TPO Product Snapshots | Fannie Mae RefiNow

- Updated snapshots with 2025 Area Median Income (AMI) eligibility

Retail Product Snapshot | Simple Access Graduate Program | Luxury Mortgage

- Added Maryland as an eligible state for financing
- *This update is effective with loans locked on or after 4.28.25*

May 9, 2025

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added Employment History section addressing minimum length of time the borrower must be employed. Added guidance for Fannie Mae and Freddie Mac. Added a Cardinal overlay for Fannie Mae transactions that the borrower must have an employment history of no less than 18 months
- *This guidance is effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added Pre-Foreclosure Sales (Short Sales) section
- Revised Extenuating Circumstances section to align with guidance from FHA
- *Updates align with existing policy and are effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Buy Before you Sell section advising when a borrower participates in a buy before you sell, or similar program, the PITIA must be included in the DTI calculation
- Added Outstanding PACE/HERO lien on the property after closing, regardless of the ability to subordinate as an Ineligible Product Feature
- *Updates are effective as of 4.30.25*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Clarified that condominium eligibility is specific to Verus guidelines, which do not necessarily follow agency guidelines

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Clarified that condominium eligibility is specific to published guidelines, which do not necessarily follow agency guidelines

May 2, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Provided additional guidance under the Warranty of Completion of Construction for Freddie Mac adding either a signed report from the professional that completed the work, or paid invoice(s) for the repairs or alterations, are required
- Added Detrimental Conditions section requiring that if detrimental conditions exist on the subject property site, the appraisal report must be completed “subject to” an inspection by a professional, and the Mortgage file must include evidence of the required repair, or an inspection report that indicates the condition does not require repair
- *These updates are applicable for TRID Application Date on or after 5.6.2025*

Chapter 14 | USDA | Lending Guide

- Updated Manufactured Home guidance permitting existing manufactured homes meeting specific criteria and removing the guideline that existing manufactured homes must be located in a Pilot State
- *This update is effective for Conditional Commitments dated on or after 5.5.2025*

Chapter 16 | Insurance | Lending Guide

- Updated Replacement Cost Value section to remove Extended Replacement Cost Endorsement from Option 1. *This update is effective immediately.*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Updated Income Tax Liens section with the following:

- Added a requirement that there may not be any indication of a Notice of Federal or State Tax lien filed against the borrower
- Removed the requirement that the balance of the lien, or repayment plan be included when determining the max CLTV
- Removed refinance transactions require a subordinate agreement from the taxing authority
- *Effective for loans locked on or after 4.28.25*
- Added DSCR minimum floor of .75 for loans locked on or after 4.30.25

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Updated Income Tax Liens section with the following:
 - Added a requirement that there may not be any indication of a Notice of Federal or State Tax lien filed against the borrower
 - Removed the requirement that the balance of the lien, or repayment plan be included when determining the max CLTV
 - Removed refinance transactions require a subordinate agreement from the taxing authority
 - *Effective for loans locked on or after 4.28.25*
- Added DSCR minimum floor of .75 for loans locked on or after 4.30.25

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

- Added LPA as an eligible AUS engine; LPA Accept required
- *This update is effective for loan submissions through LPA dated on or after 4.26.25*

Retail Product Snapshot | Onslow Bay Jumbo AUS

- Removed restriction for loans originated in the state of Maryland. *This update is effective with loans locked on or after 4.24.25*

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR | Non-Agency

- Added DSCR minimum floor of .75 for loans locked on or after 4.30.25

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency

- Added DSCR minimum floor of .75 for loans locked on or after 4.30.25

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Investor Solutions DSCR

- Added DSCR minimum floor of .75 for loans locked on or after 4.30.25

April 25, 2025

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added clarification under Excess and Surplus Land for properties containing multiple parcels with individual tax ID numbers. *This is clarification only and may be applied immediately*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

Updated several sections with revised guidance for loans locked on or after 4.21.25. Updates include modifications to:

- Property, General Liability and Flood Insurance
- Non-Permanent Resident Employment Status Documentation
- Documentation related to Foreign Residency primary residence
- Foreign National Program Specific Doc Requirements
- Entity Documentation Requirements LLC
- Rate/Term Refinance; specified at least one borrower must have ownership interest in the subject at the time of TRID Application date
- Listing Seasoning section
- Interested Party Contributions increasing the contribution from 3% to 6%
- Housing History requirements specifying the payment history requirement for refinance transactions
- Guidance related to Forbearance, Modification or Deferrals when within 12 months of the Note date
- Added guidance related to Short-Term Rentals
- Bank Statement Income - Large Deposits: Updated large deposit threshold from 50% to 100%
- Alt Doc - Rental Income: Added short-term rental purchase criteria, increased allowable monthly rental income from 75% to 80% for refinance lookback requirements
- First Time Investor: Updated first time investor definition, updated restrictions including minimum credit score 700, minimum DSCR > 1.00, 1-unit only
- Added Rural Properties as an eligible property for several products (refer to Snapshots)
- Accessory Dwelling Units: Increased eligibility from one ADU to two ADUs, expanded upon ADU requirements, added short-term rental income options.
- Disaster Areas: Added coastal erosion and landslide events, removed 120 day requirement
- Disaster Areas: Expanded inspection options

- Condominiums: Added CPM approval requirements, removed reference to CA and FL condos, added detailed requirements for critical repairs, special assessments, and inspection reports

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

Updated several sections with revised guidance for loans locked on or after 4.21.25. Updates include modifications to:

- Property, General Liability and Flood Insurance
- Non-Permanent Resident Employment Status Documentation
- Documentation related to Foreign Residency primary residence
- Entity Documentation Requirements LLC
- Rate/Term Refinance; specified at least one borrower must have ownership interest in the subject at the time of TRID Application date
- Listing Seasoning section
- Interested Party Contributions increasing the contribution from 3% to 6%
- Housing History requirements specifying the payment history requirement for refinance transactions
- Guidance related to Forbearance, Modification or Deferrals when within 12 months of the Note date
- Added guidance related to Short-Term Rentals
- Bank Statement Income - Large Deposits: Updated large deposit threshold from 50% to 100%
- Alt Doc - Rental Income: Added short-term rental purchase criteria, increased allowable monthly rental income from 75% to 80% for refinance lookback requirements
- First Time Investor: Updated first time investor definition, updated restrictions including minimum credit score 700, minimum DSCR > 1.00, 1-unit only
- Added Rural Properties as an eligible property for several products (refer to Snapshots)
- Accessory Dwelling Units: Increased eligibility from one ADU to two ADUs, expanded upon ADU requirements, added short-term rental income options.
- Disaster Areas: Added coastal erosion and landslide events, removed 120 day requirement
- Disaster Areas: Expanded inspection options
- Condominiums: Added CPM approval requirements, removed reference to CA and FL condos, added detailed requirements for critical repairs, special assessments, and inspection reports

Retail Product Snapshot | Redwood Sequoia Jumbo

- Increased loan amount for Purchase/Rate & Term Primary Residence 2-Unit properties
- Added 15-Year Term overlays
- Removed minimum 720 FICO for ARM products
- *Updates are effective as of 4.14.25*

Retail Product Snapshot | Redwood Sequoia AUS Jumbo

- Increased loan amount for Purchase/Rate & Term Primary Residence 2-Unit properties

- Updated maximum Cash-out amount from 'Per AUS' to 'Unlimited'
- Updates are effective as of 4.14.25

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent Plus | Non-Agency

- Created two separate snapshots to capture guidelines for loans locked prior to 4.21.25 and for loans locked on or after 4.21.25

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent | Non-Agency

- Created two separate snapshots to capture guidelines for loans locked prior to 4.21.25 and for loans locked on or after 4.21.25

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR | Non-Agency

- Updated several sections for loans locked on or after 4.21.25
 - Removed Rural Property as an ineligible property type
 - Updated acreage limit from 2 to 5 acres
 - Added guidance under Income Requirements for rental income
 - Expanded guidance for First-time investors
 - Added additional state restrictions
 - Removed guidance for California and Florida Condominiums

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency

- Updated several sections for loans locked on or after 4.21.25
 - Added guidance under Income Requirements for rental income
 - Expanded guidance for First-time investors
 - Added additional state restrictions
 - Removed guidance for California and Florida Condominiums

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Plus Non-Agency

- Created two separate snapshots to capture guidelines for loans locked prior to 4.21.25 and for loans locked on or after 4.21.25

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Non-Agency

- Created two separate snapshots to capture guidelines for loans locked prior to 4.21.25 and for loans locked on or after 4.21.25

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Investor Solutions DSCR

- Updated several sections for loans locked on or after 4.21.25
 - Removed Rural Property as an ineligible property type
 - Updated acreage limit from 2 to 5 acres
 - Added guidance under Income Requirements for rental income
 - Added additional state restrictions
 - Removed guidance for California and Florida Condominiums

April 18, 2025

Chapter 2 | Documentation Standards | Conventional Lending Guide

- Added additional guidance under Trade Treaty Work Visa specifying that an EAD is still required for spouses of long-term investors in the Commonwealth of the Northern Mariana Islands (E-2 CNMI Investors)

Chapter 12 | Credit | FHA Lending Guide

- Provided clarification in the Overtime, Bonus, or Tip Income section regarding the calculation of the income, along with an example provided by FHA.
- Updated Secondary Financing section to add guidance for Family Member loans.
- *Updates are clarifications received from FHA and are effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added additional guidance for Comparable Sales including Comparable Sale Selection in Rural and Slow Growth Markets. Re-organized the section to align with guidance within the 4000.1. *This is existing FHA guidance and is effective immediately*

Fannie Mae HomeStyle | Conventional Retail Product Snapshot

- Added clarity related to the SPCP program specifying the Loan must reflect a DU Casefile submission dated prior to 04/06/2025 (previously stated TRID application date)

Cardinal Special Purpose Credit Program (SPCP) | Retail Product Snapshot

- Added clarity related to the SPCP program specifying the Loan must reflect a DU Casefile submission dated prior to 04/06/2025 (previously stated TRID application date)

Cardinal SPCP Fannie Mae Manufactured Home (MH) Advantage | Retail Product Snapshot

- Added clarity related to the SPCP program specifying the Loan must reflect a DU Casefile submission dated prior to 04/06/2025 (previously stated TRID application date)

April 11, 2025

Chapter 2 | Documentation Standards | Conventional Lending Guide

- Updated Conflict of Interest section to add Tax Preparer and Accountant as roles that the loan team member may not be involved in on the loan transaction. *This update is effective immediately*

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

- Added guidance for Fannie Mae and Freddie Mac cooperative properties in the state of New York that the sales price of the Cooperative Interest may be used solely for the purpose of determining whether mortgage insurance is required for purchase transaction. *This update is effective immediately*
- Updated guidance under Condo Project Manager that when loans receive an Approve/Eligible recommendation and the CPM Approved by Fannie Mae message in DU, the Fannie Mae project approval status is valid through the credit report expiration date as specified on the DU Underwriting Findings report. Specified when certain loan attributes change and the DU is

re-ran, the CPM status may change. *This update is effective for TRID application date on or after June 23, 2025 and with DU Casefile IDs created on or after June 23, 2025*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added examples of acceptable documentation equivalents for a Building Permit or Certificate of Occupancy when not issued in the subject's jurisdiction. This is a clarification only and may be applied immediately

Chapter 13 | VA | Lending Guide

- Updated New/Existing Construction section removing the requirement for a valid builder identification number prior to the issuance of the NOV; per Circular 26-25-01 a VA-issued builder identification number is no longer necessary for issuing the NOV. *This update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added examples of acceptable documentation equivalents for a Building Permit when not issued in the subject's jurisdiction. *This is a clarification only and may be applied immediately*

Chapter 16 | Insurance | Lending Guide

- Updated the Flood Insurance Coverage Requirements section retracting the announcement from Freddie Mac effective 4/1/2025 stating if a flood insurance policy shows a full risk premium and a discounted premium, the full risk premium, plus any fees and surcharges, must be used to calculate the housing expense-to-income and debt payment-to-income ratios
- *This retraction from Freddie Mac is effective immediately*

Chapter 25 | Construction | Lending Guide

- Updated Builder Requirements section removing the requirement for a valid builder identification number prior to the issuance of the NOV; per Circular 26-25-01 a VA-issued builder identification number is no longer necessary for issuing the NOV. *This update is effective immediately*

Retail Product Snapshot | Cardinal Non-QM AUS

- Clarified that AUS Approve/Ineligible feedback can also be due to a prepayment penalty present on loan terms

Retail Product Snapshot | Redwood Sequoia AUS Jumbo

- Updated Primary and Second Home Eligibility to allow for 660 from 680 min score, purchase and rate and term
- Updated Primary Residence and Second Home Eligibility to allow for 90% LTV/CLTV to 2 million
- Updated Primary Cash out LTVs and loan amounts
- Added Note Section in Eligibility to support the over 80.00% LTV/CLTV overlays
- Added Investment Properties from \$1,500,000 to \$2,000,000 mx loan amount
- Added FTHB in Eligible Borrower section to allow for the higher LTV/CLTV overlays
- Added overlay to non-perm resident aliens to cap at 80% LTV/CLTV
- Added Non-Occupant Co Borrower max 80% LTV/CLTV
- Updated Debt to Income section to include the DTIs for LTV/CLTV over 80% on primary and second home. Increased Second Home max DTI to 49.99%/38% over 80%
- Added Secondary Financing not allowed for LTVs greater than 80% on Sequoia AUS
- Updated reserves requirements to include higher LTVs to 90%, added minimum liquidity requirements for higher LTVs 85.01-90% LTV/CLTV
- Added FTHB reserve section to align with overlays due to higher LTV/CLTV requirements
- Added residual income requirements to align with the higher LTV/CLTVs/DTIs
- Removed Redwood overlay as tie to Secondary Self Employment and Self Employed co borrower to now align with Agency requirements
- *Updates are effective with loans locked on or after 3.17.25*

Retail Product Snapshot | Redwood Sequoia Jumbo

- Updated Primary and Second Home Eligibility to allow for 660 from 680 min score, purchase and rate and term
- Updated Primary Residence and Second Home Eligibility to allow for 90% LTV/CLTV to 2 million
- Updated Primary Cash out LTVs and loan amounts
- Updated Primary Residence and Second Home to now allow for unlimited Cash back with LTV/CLTVs less than 60%
- Added Investment Properties from \$1,500,000 to \$2,000,000 mx loan amount
- Added Note Section in Eligibility to support the over 80.00% LTV/CLTV overlays
- Added Sequoia Notes that unlimited cash back is allowed for 60% LTV/CLTV or less
- Removed FTHB overlays for all loans, vs tied to now over 80.01% LTV/CLTVs
- Added overlay to non-perm resident aliens to cap at 80% LTV/CLTV
- Added Non-Occupant Co Borrower as eligible
- Updated Debt to Income section to include the DTIs for LTV/CLTV over 80% on primary and second home. Increased Second Home max DTI to 49.99%/38% over 80%
- Removed seasoning requirements for properties purchased within a year to align with Fannie Mae seasoning requirements

- Added max LTV of 80% for credit event seasoning exceptions within 4-7 years- see Derogatory Credit
- Added allowance to use one- or two-months bank statements for asset verification in Assets section
- Updated reserves requirements to include higher LTVs to 90%, added minimum liquidity requirements for higher LTVs 85.01-90% LTV/CLTV
- Updated multiple financed properties to allow for 10 or unlimited with reserves requirements noted between 3 and 6 months
- Added options to use 1- or 2-years income verification for non-self-employed and rental income, previously 2 years required in all files
- Updated retirement income to align with Fannie Mae requirements removed min distribution requirements of 6 months
- Updated residual income requirements to align with the higher LTV/CLTVs
- Updated non-self-employed borrowers to use Work # to verify income with 2 years of earnings history provided
- Updated K-1/Schedule E Loss to align with Fannie Mae- Removed overlay to hit for loss and document
- Added one- or two-year self-employed income documentation based on Fannie requirements, previously 2 years for all files
- Added ability to waive the P/L based on app dates and years of income documented in closed loan file
- Added Reconciliation of Value per Fannie Mae as allowed in the Appraisal Requirements section
- Added Fannie Mae CU score as acceptable as secondary value support. Updated max acreage of 20 to now allow 40 acres
- *Updates are effective with loans locked on or after 3.17.25*

April 4, 2025

Chapter 5 | Borrower Eligibility | Conventional Lending Guide

- Added guidance related to First Generation Homebuyer, specifying Fannie Mae and Freddie Mac have created an aligned definition of “First-Generation Homebuyer Mortgage” with direction provided related to determination of a First Generation Homebuyer. Identification of a mortgage as a First-Generation Homebuyer Mortgage is currently optional

Chapter 9 | Assets | Conventional Lending Guide

- The Large Deposit section has been revised and refactored for clarity and consistency. *No change to existing policy with this update.*
- The Large Deposit > Refinance Transactions section has been revised to provide steps to identify if a large deposit is related to borrowed funds, including any related liabilities. *This update is a clarification and effective immediately.*

Chapter 12 | Credit | FHA Lending Guide

- Clarified that a lease payment cannot be excluded from the liabilities regardless of the months remaining. *This is a clarification and is effective immediately.*

Retail Product Snapshot | Cardinal Special Purpose Credit Program (SPCP)

- Updated snapshot with notice of limited program eligibility; loans require a TRID application date prior to 04.06.25 paired with a Note date prior to 6.14.25

Retail Product Snapshot | Cardinal SPCP Fannie Mae Manufactured Home (MH) Advantage

- Updated snapshot with notice of limited program eligibility; loans require a TRID application date prior to 04/06/25 paired with a Note date prior to 6/14/25

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

- Clarified that Modular or Factory-Built Housing is an eligible property type. Follow the respective agency Lending Guide for further guidance. *This is a clarification and effective immediately*

March 28, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Updated Citizenship requirements with USDA's recent retraction of non-U.S. Citizen Eligibility. The section has been updated with eligible documentation permitted to support Qualified Alien status. *Changes are effective with Conditional Commitments dated on or after 3.18.25*
- Updated eligible Borrower Residency status aligning guidance with ML [2025-09](#) which removes eligibility for Non-permanent Resident Aliens. Guidance for non-credit qualifying streamline refinance transactions was also updated to now require borrowers meet Citizenship and Immigration Status or Residency. *Update is effective with Case Number Assignments on or after 5.25.25*
- Provided clarification in Employment Documentation > Paystubs and W-2s regarding Employer Name and Address. *Update is a clarification and effective immediately*

Chapter 6 | Credit | Conventional Lending Guide

- Clarified under Authorized User Accounts for Freddie Mac transactions that the payment must be included in the borrower's debt to income ratio when the borrower has been making payments on the account for the most recent 12 months. *This update is effective with Note date on or after 4.1.25*

Chapter 12 | Credit | FHA Lending Guide

- Provided clarification in the Gift section regarding gift funds wired directly to the title company or settlement agent. If gift funds wired to title are less than the gift letter, a new gift letter is not required. *Update is a clarification received from FHA and is effective immediately*
- Provided clarification in the Commission Income section regarding the calculation of the income along with an example provided by FHA. *Update is a clarification received from FHA and effective immediately*
- Updated eligible Borrower Residency status aligning guidance with ML [2025-09](#) which removes eligibility for Non-permanent Resident Aliens. Guidance for non-credit qualifying streamline refinance transactions was also updated to now require borrowers meet Citizenship and Immigration Status or Residency. *Update is effective with Case Number Assignments on or after 5.25.25*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Updated multiple appraisal related policies to align with [ML 2025-08](#) including changes to the Appraisal Review and Reconsideration of Value (ROV) process, and adding clarity to existing FHA requirements for Appraisers and Mortgagees regarding compliance with fair housing laws. *These updates are effective as of 3.19.25*

Chapter 14 | USDA | Lending Guide

- Updated Borrower Eligibility> Having Acceptable Citizenship or Immigration Status section with USDA's recent retraction of non-U.S. Citizen Eligibility. The section has been updated with eligible documentation permitted to support Qualified Alien status. *Changes are effective with Conditional Commitments dated on or after 3.18.25*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added Deposits Held by a Financial Technology (FinTech) Company as an eligible asset type

- Updated Co-Signed Debts/Debts paid by Others (non-mortgage) section with additional clarification surrounding exclusion of non-mortgage debt. This update is clarification only without changes to policy
- Removed the requirement for a borrower explanation related to employment gaps of 60 days or greater
- *Updates are effective as of 3.19.25*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added Deposits Held by a Financial Technology (FinTech) Company as an eligible asset type
- Updated Interested Party Contributions to align with Agency
- Updated Debts paid by Others (non-mortgage) to align with Agency
- Updated Payoffs of Liens and Delinquent Credit Accounts with the following clarification: Accounts that reflect past due balances or reported as delinquent credit may be required to be paid off, or brought current
- *Updates are effective as of 3.19.25*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added clarification on Debt Service Coverage Ratio (DSCR) transactions that the tenant cannot be a family member. *Update is effective immediately*
- DSCR Restrictions section updated for loan amounts < \$150,000 to lower the minimum DSCR from 1.25 to 1.00. *Update is effective immediately*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added clarification on Debt Service Coverage Ratio (DSCR) transactions that the tenant cannot be a family member. *Update is effective immediately*
- DSCR Restrictions section updated for loan amounts < \$150,000 to lower the minimum DSCR from 1.25 to 1.00. *Update is effective immediately*

Chapter 24 | HUD Section 184 Indian Housing | Lending Guide

- Clarified the following sections:
 - Employment Related Income
 - Rental Income from Borrower Occupied Property
 - Government Assistance Income Programs
 - Income from Roommate on a Single Family Property
 - Assets > Relocation Benefits
 - Temporary Leave Income
 - Parsonage Housing or Income
 - Foreign Income

- Business Debt in Borrowers Name
- *Updates are clarifications and effective immediately*

Retail Product Snapshot | BankUnited Jumbo Fixed & ARM

Updated Forbearance guidance:

- To be eligible for financing, all forbearance (s) must be resolved
- If the mortgage account(s) was/were placed in a forbearance status and the borrower continued to make payments and the account(s) is/are in good standing, a verification(s) of mortgage (VOM) must be obtained to evidence that the forbearance status has been lifted, and the account(s) is/are in good standing
- If the mortgage account(s) was/ were placed in a forbearance status and the mortgage payments were placed in deferment, the account(s) must be brought current either through the payment of arrearage, payment plan or modification
- The borrower must exhibit satisfactory mortgage payment history for at least 6 months post deferment/modification event
- In addition to the current credit report, VOM(s) must be obtained to evidence that the account(s) is/are in good standing
- *Updates are effective for TRID Application date on or after 3.24.25*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent Plus & Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Plus

- Removed state restrictions for CT, FL, IL, NJ and NY. *Update is effective for locks on or after 3.25.25*

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR & Third Party Origination Product Snapshot | Cardinal Non-QM Flex Investor Solutions DSCR

- DSCR Minimum Loan Amount < \$150,000 lowers the minimum DSCR from 1.25 to 1.00.
- Two- to four-unit properties maximum LTV/CLTV increased to 80% for a purchase transaction.
- State overlays for FL and NY revised to maximum LTV/CLTV limited to 80% for purchase and 75% for refinance transactions, maximum loan amount is limited to \$1,500,000 and the minimum credit score is 700. *Above updates are effective for locks on or after 3.25.25*

March 21, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated LTV/CLTV details for Value Acceptance for DU submissions dated on or after 1.13.25
- Added a requirement for a Shared Well Agreement when the property is connected to a shared well and included the mandatory language to be displayed within the agreement. *This is a Cardinal Overlay and is effective immediately*

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

- Provided updated guidance for Freddie Mac Condo Project Advisor, Age of Questionnaire Requirement to specify full review questionnaires dated within 180 days of the Project Certified Submission (PCS) request date are acceptable (previously 120 days)
- *Condo project advisor will be updated on 3.31.25, however changes may be implemented immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added additional guidance for Defective Paint and clarified that unpainted surfaces intended to withstand the elements, such as stained or pressure-treated wood, do not require repair
- Updated Prior Sales and Transfers section to specify:
 - The appraiser must report and analyze the prior sales/transfers history of the subject property that occurred within three (3) years of the appraisal effective date
 - The appraiser must report and analyze the prior sales/transfers history of each comparable that occurred within one year prior to the date of sale
- *These updates may be applied now, but must be implemented by Case Number Assignment date on or after 4.10.25*

Chapter 16 | Insurance | Lending Guide

- The Homeowners Insurance > Acceptable Term of Policy and Flood Insurance > Term and Renewal sections have been revised to provide requirements for refinance transactions where the policy expires within 30 days of the Note Date. *This update is effective immediately.*
- The Coverage Requirements and Deductible sections have been revised for clarity and consistency. *No change to existing policy with this update.*

Chapter 17 | Title Insurance Requirements | Lending Guide

- Updated Title Exceptions section and combined the topic with guidance for Impediments to Title. Added additional examples of acceptable Exceptions and Impediments to the title. *This is clarification only and guidance can be applied immediately*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added under the Additional Guidelines Specific to the Expanded Plus Program:
 - 529 Plan (Qualified Tuition Program) or similar college savings plans as an unacceptable source of funds
 - MCC (Mortgage Credit Certificate) for qualifying as an unacceptable source of income
- *Update is effective for loans locked on or after 3.28.25*

Chapter 22 | Renovation | Lending Guide

- Added the following additional language to the Borrower's Authorization and 203(k) Consultant's Certification:
 - *I/We, the undersigned, certify under penalty of perjury that the information provided above is true, accurate, and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §§ 3729, 3802)*
- *This update may be applied now, but must be implemented by Case Number Assignment date on or after 4.10.25*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Added clarification to Prepayment Penalty section stating that District of Columbia (DC), and MD are not eligible if the business purpose is "no" inside of the system of record. *This is effective immediately*
- Added Temporary Protected Status (TPS) designation as evidenced by EAD category A-12 or C-19 is ineligible. *This update is effective immediately*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added clarification to Prepayment Penalty section stating that District of Columbia (DC), and MD are not eligible if the business purpose is "no" inside of the system of record. *This is effective immediately*
- Added Temporary Protected Status (TPS) designation as evidenced by EAD category A-12 or C-19 is ineligible. *This is a Cardinal Overlay and is effective immediately*

Retail Product Snapshot | Truist Jumbo Fixed

Updated Refinance New Construction section with expanded guidance related to the long-term financing of an interim construction loan (two-time close). Expanded guidance includes:

- Minimum FICO as permitted by program (from the previous requirement of 700 for these transaction types)
- Standard DTI rules for the program (removal of the 5% DTI reduction for Self-Employed borrowers for these transactions)
- Eligible loan purposes: Limited cash-out and Cashout refinance transactions are eligible
- Clarified for the borrower to be eligible for a cash-out refinance transaction, the borrower must have held legal title to the lot for at least six months prior to the closing of the permanent mortgage

Updates are effective for loans locked on or after 3.7.25

March 14, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Updated the Tax Documentation Policy with 2024 tax year filing dates

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added clarification in the Subordinate Financing section for Homeowner Benefit Agreements in order to be re-subordinated. *Update is effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Updated Community Property Debt Inclusion Exception for Louisiana
- Added clarification in the Subordinate Financing section for Homeowner Benefit Agreements in order to be re-subordinated.
- *Update is effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Shared Well Agreement chart outlining FHA's provisions that must be reflected in any acceptable shared well agreement. *No change to existing policy with this addition*

Chapter 13 | VA | Lending Guide

- Added clarification in the Subordinate Financing section for Homeowner Benefit Agreements in order to be re-subordinated. *Update is effective immediately*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added the additional following Project Type Code cannot be used:
 - Fannie Mae P - Limited review New Condo Project for new construction projects
- Added two additional exceptions in the No Cash-Out Refinance section to the requirement that at least one borrower is an owner (on title) to the subject property at TRID application date.
- Added College Funds as an acceptable asset type for down payment, funds to close and reserves
- Added processor certification to Credit Bureau Analysis for Inquiries section for inquiries less than 90 days from credit score date
- *Update is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added the following clarification under the Automated Underwriting (AUS) section: The use of any evaluations provided by Fannie Mae's DU Validation Service and Freddie Mac's LPA Asset and Income Modeler (AIM) is not permitted
- Added the additional following Project Type Codes cannot be used:
 - Fannie Mae P - Limited review New Condo Project for new construction projects
 - Property is investor occupied:
 - Fannie Mae Q - Limited Review Established Condo Project
 - Freddie Mac Streamlined Review
- *Updates are effective immediately*

Retail Product Snapshot | Cardinal Equity Access (Closed-end Stand Alone)

- Updated Appraisal Valuation Requirements specifying a Primary *and* Secondary Valuation product is required on all loans
- Removed AVM requirement that the report must have a confidence score of $\geq .80$. A Forecasted Standard Deviation (FSD) of $\leq .20$ is still required
- Updated the Insurance Requirements section to follow Agency guidance per applicable AUS (previously directed we follow FNMA guidelines). Provided additional guidance on determining replacement cost
- *Updates are effective as of TRID Application date on or after 12.13.24*

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

- Updated Investment Property Rate/Term LTV to a maximum of 85% from 80% to align with Purchase transaction eligibility
- *Update is effective immediately*

March 7, 2025

Chapter 12 | Credit | FHA Lending Guide

- Updated Business Assets section to provide guidance on required documentation, along with an overlay of one month's additional PITIA reserves. *Update is effective immediately*

Chapter 13 | VA | Lending Guide

- Updated Business Assets section to provide guidance on required documentation, along with an overlay of one month's additional PITIA reserves. *Update is effective immediately*

February 28, 2025

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated requirements for Freddie Mac restricted stock (RS) and restricted stock units (RSU) income as follows:
 - Expanding calculation of qualifying income from performance-based RS and RSU to permit the use of less than 24 months (but not less than 12 months)
 - Clarified RS and RSU awarded on a recurring basis must be likely to continue for at least three years and specifying that nonrecurring awards must have at least three years' vesting and distribution remaining on the vesting schedule. Currently, the Guide requires that all time-based RS and RSU income must continue for at least three years
 - Replacing the 52-week average stock price with a 200-day simple moving average stock price as the basis for calculating RS and RSU income
 - Removed the requirement for the average stock price to be determined as of the Application Received Date and will accept an average dated in accordance with standard age of documentation requirements
- *Updates are effective with Note Dates on or After 4.1.25*

Chapter 9 | Assets | Conventional Lending Guide

- Updated Business Assets section to provide guidance on completing a cash flow analysis to confirm that the withdrawal of funds for the transaction will not have a negative impact on the business. *This is a clarification and is effective immediately*

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

Updated Master Liability Insurance and Master Flood Insurance guidance to require the following information be reflected on the policy:

- Subject property address including unit number
- Borrower(s) first and last name (non-applicants or title holders are not required)
- Cardinal Financial loan number associated with the property
- *These updates are effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added revision to Special Flood Hazard Eligibility for New Construction of Site Built Housing and Condominium properties. FHA issued a Waiver of “at least two feet” above the FEMA determined Base Elevation language. The waiver is effective for a period of one year. *This is effective immediately*
- Added Master Liability Insurance and Master Flood Insurance guidance to require the following information be reflected on the policy:
 - Subject property address including unit number
 - Borrower(s) first and last name (non-applicants or title holders are not required)
 - Cardinal Financial loan number associated with the property
 - *These updates are effective immediately*

Chapter 14 | USDA | Lending Guide

Added Master Liability Insurance and Master Flood Insurance guidance to require the following information be reflected on the policy:

- Subject property address including unit number
- Borrower(s) first and last name (non-applicants or title holders are not required)
- Cardinal Financial loan number associated with the property
- *These updates are effective immediately*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updated Assets and Source of Funds > Business Assets section for Jumbo AUS and Jumbo AUS Expanded to provide guidance on completing a cash flow analysis to confirm that the withdrawal of funds for the transaction will not have a negative impact on the business. *This is a clarification and is effective immediately*

Chapter 25 | Construction | Lending Guide

- Added revision to FHA One-Time Close > Special Flood Hazard Eligibility for New Construction of Site Built Housing. FHA issued a Waiver of “at least two feet” above the FEMA determined Base Elevation language. The waiver is effective for a period of one year. *This is effective immediately*

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

- Updated with new terms permitting 8-30 year fixed rate (in 1-year increments)

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

- Updated with new terms permitting 8-30 year fixed rate (in 1-year increments)

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

- Revised Insurance section > Final Elevation Certificate > Site Built Housing. FHA issued a Waiver of “at least two feet” above the FEMA determined Base Elevation language. The waiver is effective for a period of one year. *This is effective immediately*

Product Snapshots | U.S. Bank Jumbo Fixed & ARM

- Expanded guidance for Oil/Gas/Mineral Rights
- Added section Rental Income and broke out requirements for Subject and Non-Subject Investment Properties. Added guidance related to a borrower’s departure residence.
- *Updates are effective immediately*

February 21, 2025**Chapter 4 | Eligible Transactions | Conventional Lending Guide**

- Added two additional exceptions to the requirement that at least one borrower is an owner (on title) of the subject property for Fannie Mae Limited Cash-out Refinance transactions
- *This update is effective immediately*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Rental Income section for Freddie Mac transactions breaking out property types, documentation and allowable rental income. This section has been refactored to enhance readability and to align with recent changes made by Freddie Mac, with minimal updates made to Policy. Revisions to Policy are as follows:
 - For the use of rental income from a non-subject investment property or 2- to 4-unit Primary Residence purchased or placed in service in the current calendar year, Form 72 / Form 1000 may be used in lieu of a lease agreement when the property was purchased on, or up to, 45 days before the Note date of our transaction
- *Updates are effective immediately*

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added Texas Equity 50(f)(2) as an ineligible transaction type for ACE or ACE Plus PDR
- Added Freddie Mac Enhanced Relief Refinance as an ineligible transaction type for ACE Plus PDR
- Added clarification that an ACE appraisal waiver offer may be accepted when adverse physical property conditions are minor
- Added if a PDR has been obtained, an ACE appraisal waiver offer may not be accepted
- Added a more comprehensive valuation product than the minimum required (ACE or ACE plus PDR) in the Last Feedback Certificate may be obtained
- *Updates are effective immediately*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Updated the Short Term Rental (e.g., Airbnb, VRBO, Flipkey) Documentation and DSCR Calculation section with the following:
 - For appraisals completed on or after March 3, 2025, the 1007 or 1025 Comparable Rent Schedule may no longer be used to determine gross monthly rents

- Added clarification in Housing History - DSCR if borrower is not obligated on a primary residence mortgage, a 12-month payment history is still required. *This is a clarification and is effective immediately*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Updated the Short Term Rental (e.g., Airbnb, VRBO, Flipkey) Documentation and DSCR Calculation section with the following:
 - For appraisals completed on or after March 3, 2025, the 1007 or 1025 Comparable Rent Schedule may no longer be used to determine gross monthly rents
- Added clarification in Housing History - DSCR if borrower is not obligated on a primary residence mortgage, a 12-month payment history is still required. If a 12-month payment history cannot be obtained, an exception must be approved by Verus. *This is a clarification and is effective immediately*

Retail Product Snapshot | Onslow Bay Jumbo AUS

- Updated loan matrices
 - Increased loan amount to \$3,000,000 for Primary Residence and Second Home 1-Unit properties
 - Increased Minimum Credit Score to 720
 - Increased Maximum DTI to 50% (depending on loan amount and LTV)
- Added transactions in the state of Maine as ineligible
- *Updates are effective with loans locked on or after 2.12.2025*

Retail Product Snapshot | Cardinal Non-QM AUS

- Clarified that non-traditional or alternative credit is not eligible. *Update is a clarification and is effective immediately*

February 14, 2025

Chapter 6 | Credit | Conventional Lending Guide

- Added guidance under Borrowers Without A Credit Score stating for loans underwritten using DU Version 12.0, transactions will no longer be subject to limitations on loan purpose or occupancy and will be subject to standard eligibility guidelines

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added clarification in Special Flood Hazard Area sections that an attached garage is considered part of the Structure. Added Attached Garage Exception section for both Site Built Housing and Condominium properties outlining requirements and documentation per Part 200 of Title 24 of the Code of Federal Regulations (CFR).
- *This is a clarification and effective immediately*

Chapter 18 | Mortgage Insurance | Lending Guide

- Added Jumbo and High Balance loans in the state of Maryland are ineligible for Mortgage Insurance through Radian. *Update is effective immediately*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added additional guidance to the Deed Restricted Program Features section specifying 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 are not eligible
- Added Comparable Sales Guidelines
- *Updates are effective as of 1.29.2025*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated guidance within the Deed Restricted Property section to include additional ineligible Deed Restrictions and allowing LPA as an AUS engine for certain deed restrictions.
- Added Comparable Sales Guidelines
- *Updates are effective as of 1.29.2025*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added Delaware to eligible states for Vesting for Business Purpose Loans. *Update is effective immediately*

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Rolled out Debt Service Coverage Ratio (DSCR) product offering effective 2.13.25
- Added Vesting for Business Purpose Loans - Investment Properties section

Chapter 25 | Construction | Lending Guide

- FHA One-Time Close Product: Added guidance for Initial Flood Elevation Certificate when grade is below the Base Flood Elevation. *Update is a clarification and effective immediately*

Redwood Select Products

- Updated the following snapshots to reflect the product name change of Redwood Select to Redwood Sequoia
 - Retail Product Snapshot | Redwood Sequoia Jumbo
 - Retail Product Snapshot | Redwood Sequoia AUS Jumbo
 - Retail Product Snapshot | Redwood Sequoia 90 Jumbo

Retail Product Snapshot | Cardinal Non-QM AUS

- Updated Business Entity Vesting to include Delaware. *Update is effective immediately*

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

- Clarified in Underwriting Section that rental income eligibility will follow Fannie Mae guidelines outlined in [Chapter 8 | Employment and Income | Conventional Lending Guide](#) and [Resource | Rental Income Matrix](#).

Retail Product Snapshot | Verus Mortgage Capital Foreign National Investment DSCR | Non-Agency & Chapter 23 | Verus Mortgage Capital Lending Guide

- Clarified that for borrowers with U.S. Credit, but only have 2 credit scores and do not meet the tradeline requirements, the loan must be underwritten as No Score. *This is a clarification and effective immediately*

February 6, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Updated Tax Documentation Requirements Salaried Borrower(s) – Conventional, FHA, and VA Transactions section to reflect the 2024 tax year for W-2 statement requirements

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added 2024 Mileage Depreciation Rate
- Added clarification under One-Year Tax Return Eligibility for Fannie Mae addressing the tax return analysis requirement when the number of years required tax returns differ between borrowers based on the employment scenario. *This is a clarification only and is effective immediately*

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated LTV/CLTV details for ACE and ACE + PDR for LPA submissions dated on or after 2.24.25

Chapter 12 | Credit | FHA Lending Guide

- Added 2024 Mileage Depreciation Rate

Chapter 13 | VA | Lending Guide

- Updated Manufactured Home New Construction section to remove the requirement for a FEMA Form 81-31 Elevation Certificate. *This is a clarification and is effective immediately.*
- Published guidance related to Two-Time Construction Loan Process. Revisions align with VA Handbook Chapter 7. Note- updates are pending system support; Credit Manager review is required. Update includes guidance related to:
 - Octane input
 - Acquisition Costs
 - Maximum Loan Amount
 - Funding Fee
 - Property Eligibility
 - *Updates are applicable for TRID Application date on or after 6.5.24*
- Added clarification under Rental Income that income may be considered from a Single Family with ADU under the same conditions as those for a Multi-Unit property. *Update aligns with current VA guidance and is effective immediately*
- Clarified reserve requirements as they apply to a 1 unit with ADU (which VA refers to as a two unit). *Update aligns with current VA guidance and is effective immediately*
- Updated guidance related to Chapter 7, Chapter 11 and Chapter 13 Bankruptcies. *Update aligns with current VA guidance and is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added 2024 Mileage Depreciation Rate

Chapter 23 | Cardinal Non-QM Flex | Lending Guide

- Updated Prepayment Penalty section for Pennsylvania with updated 2025 base figure amount. *Update is effective immediately*
- Added California condominium and condominium hotel restriction, per state regulation SB-326, that for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground require an inspection. *Update is effective for Note dates on or after 1.1.25*
- Revised Florida condominium and condominium hotel restriction requiring structural inspection to projects that are three (3) stories or greater. *Update is effective for lock dates on or after 1.22.25*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Updated Prepayment Penalty section for Pennsylvania with updated 2025 base figure amount. *Update is effective immediately*
- Added California condominium and condominium hotel restriction, per state regulation SB-326, that for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground require an inspection. *Update is effective for Note dates on or after 1.1.25*
- Revised Florida condominium and condominium hotel restriction requiring structural inspection to projects that are three (3) stories or greater. *Update is effective for lock dates on or after 1.22.25*

Retail and TPO Product Snapshot | Cardinal Jumbo AUS

- Added transactions in the state of Maryland as ineligible. *Update is effective immediately*

Retail and TPO Product Snapshot | Cardinal Jumbo AUS Expanded

- Added transactions in the state of Maryland as ineligible. *Update is effective immediately*

Retail Product Snapshot | Verus product suite

- Updated Prepayment Penalty section for Pennsylvania with updated 2025 base figure amount. *Update is effective immediately*
- Added California condominium and condominium hotel restriction, per state regulation SB-326, that for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground require an inspection. *Update is effective for Note dates on or after 1.1.25*

- Revised Florida condominium and condominium hotel restriction requiring structural inspection to projects that are three (3) stories or greater. *Update is effective for lock dates on or after 1.22.25*

Retail Product Snapshot | Verus Mortgage Capital Prime Ascent Plus | Non-Agency

- Updated State Restrictions to show Maryland as an ineligible state for loans locked on or after 2.10.25

TPO Product Snapshot | Cardinal Non-QM Flex suite

- Updated Prepayment Penalty section for Pennsylvania with updated 2025 base figure amount. *Update is effective immediately*
- Added California condominium and condominium hotel restriction, per state regulation SB-326, that for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground require an inspection. *Update is effective for Note dates on or after 1.1.25*
- Revised Florida condominium and condominium hotel restriction requiring structural inspection to projects that are three (3) stories or greater. *Update is effective for lock dates on or after 1.22.25*

Third Party Origination Product Snapshot | Cardinal Non-QM Flex Prime Plus

- Updated State Restrictions to show Maryland as an ineligible state for loans locked on or after 2.10.25

January 30, 2025

Chapter 12 | Credit | FHA Lending Guide

- Clarified Eligible Transactions section for cash out and rate/term refinances if the underlying lien is an FHA HECM Reverse mortgage. *This is a clarification and effective immediately*
- Updated guidance for Boarder Income to include:
 - Expand the types of acceptable income verification documentation for individuals renting space inside the home to include bank statements, canceled checks, and/or deposit slips showing rental payments received;
 - Guidance that rental income from individuals renting space inside the subject property is permitted whether the borrower is currently a renter or the homeowner;
 - Reduction in the acceptable rental income history from two years to 12 months from individuals renting space inside the borrower's home;

- Allows borrowers with a 12-month rental history to qualify using income from renters living in the home, provided the income has been received for at least nine of the most recent 12 months, is currently being received, and is averaged over a 12-month period; and
- Rental income from individuals renting space inside the home that is used to qualify borrowers cannot exceed 30 percent of their total monthly effective income
- *Update is effective for Case Numbers assigned on or after 3.14.25, however may be implemented immediately*

Chapter 13 | VA | Lending Guide

- Updated 'through' date for First Time and Subsequent Use Funding Fee factors from November 15, 2031 to June 09, 2034

Chapter 15 | Texas Section 50(a)(6) & (a)(4) | Lending Guide

- Added guidance specific to the Cardinal Equity Access (Closed-end Stand Alone) product within the applicable sections. *This is a clarification and effective immediately*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Clarified guidance within Credit Bureau Report Requirements for Community Property States specifying the need to include the debts of a non-borrowing spouse is limited to the state of Wisconsin only. *This is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Clarified guidance within Credit Bureau Report Requirements for Community Property States specifying the need to include the debts of a non-borrowing spouse is limited to the state of Wisconsin only. *This is effective immediately*

Chapter 25 | Construction | Lending Guide

- Added clarification under VA OTC that the VA one-time close program may not be used to renovate or rehabilitate a dwelling. *This is a clarification and effective immediately*

Retail Product Snapshot | Onslow Bay Jumbo AUS

- Added transactions in the state of Maryland are ineligible for loans locked on or after 1.27.25

January 23, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Added Net Tangible Benefit and Refinancing Practices policy which outlines Net Tangible Benefit (NTB) requirements. *This information is a clarification of current policy and is effective immediately*
- Added clarification to Exclusionary List section as it relates to Government Watch Lists and Client Provided Watch Lists reported on the Fraud Report. *This information is a clarification and is effective immediately*
- Added Borrower Alias/AKA section providing a definition of an alias, examples, how a borrower can dispute an alias, and the Name Affidavit procedure required for accurate and disputed alias/AKAs. *This information is a clarification and is effective immediately*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updated Additional Guidelines Specific to the Expanded Plus Program to clarify guidance for Derogatory Credit Events including Tax liens, Judgments, Charge-offs and Past-due Accounts. Updated guidance for Collections to follow AUS. *Update is a clarification of current guidance and is effective immediately*

Product Snapshot | BankUnited Jumbo Fixed & ARM

- Added new section for Non-Permanent Resident Alien listing acceptable VISA types
- Added guidance for Non-Occupying Co-Applicants
- Added additional guidance for Authorized User Accounts specifying Authorized User accounts are not considered as tradelines unless satisfactory documentation is provided to prove that the Authorized User has been making the payments for the past 12 months from an account where the Account Owner is present
- Added DU as an eligible AUS engine for RSU Income
- Added guidance related to Insurance Requirements
- *Updates are effective with TRID Application Date on or after 1.6.25*

Retail Product Snapshot | Simple Access Graduate Program | Luxury Mortgage

- Added MD as an ineligible state for lending
- *This update is effective immediately*

January 16, 2025

Chapter 2 | Documentation Standards | Lending Guide

- Added additional vendor Argyle under Acceptable Third-Party Employment Verification Vendors

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification for fluctuating earnings from Bonus, Commission, Overtime, Tips and Unemployment under Fluctuating Hourly Employment for Freddie Mac transactions. Clarified documentation requirements for Commission Earnings (regardless of Agency). *These updates are clarifications only without any change to existing policy, and are effective immediately*

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updated tax return documentation requirements to reflect the current tax year 2024 where applicable

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated tax return documentation requirements to reflect the current tax year 2024 where applicable

Chapter 22 | Renovation | Lending Guide

- Updated Chapter to include guidance for Renovation products only. Construction guidance has been moved to [Chapter 25 | Construction | Lending Guide](#)

Chapter 25 | Construction | Lending Guide

- Created a new Chapter to include guidance for Construction products only. Renovation guidance will remain within [Chapter 22 | Renovation | Lending Guide](#)
- VA OTC program section revised to align with VA Handbook Chapter 7. Note: updates are pending system support; Credit Manager review is required. Revisions include:
 - Builder required fees no longer include interest reserve, commitment fees or property taxes;
 - Acquisition cost calculation only includes the balance owed on the lot - if no balance is owed on the land, neither the original cost nor current value may be included in the acquisition cost;

- Interest reserve can be included in the acquisition cost if not already included in the contract to build;
- Guidelines added for calculating lot equity for purposes of reducing the VA Funding Fee along with examples;
- Guidance on processing change orders and providing those changes to the appraiser;
- Loan comparison chart added showing differences in one-time close vs a two-time close transaction

Updates are applicable for TRID Application date on or after 6.5.24

Retail Product Snapshot | Cardinal Non-QM AUS

- Updated maximum LTV from 80% to 85% for purchase and rate/term Primary Residence
- Added additional requirements for Shared Equity Agreements including a 10% down payment contribution from the borrower along with eligible Shared Agreement providers
- Clarified minimum Loan Amount of \$150,000
- Updated the usable credit score qualifications to state the credit score of the Primary Wage Earner will be used as the representative score to qualify the loan
- Added ineligible agricultural features
- Added borrowers must have a minimum of \$250,000 in postclosing eligible assets under the Asset Depletion program
- Added additional ineligible assets under the Asset Depletion program
- Added additional General Criteria for Bank Statement Income documentation to include 1099s may be used to replace business bank statements for a calendar year
- Added additional guidance under 1099 Income documentation to include 1099 paid to the borrower's LLC is acceptable
- Added properties listed for sale within the last 3 months must use the lesser of the most recent listing price or the appraised value for LTV/CLTV calculation
- Added closed end & HELOC subordinate liens that do not have 6 months seasoning must be included as cash-out

Updates are effective with Note date on or after 1.8.25

Resource | Government Loan Seasoning Requirements

- Updated loan seasoning guidelines for USDA Refinance Transactions specifying a minimum of 180 days must have passed between the closing date of the USDA mortgage being refinanced prior to the conditional commitment request date to USDA. Combined Requirements between USDA and GNMA must still be met
- Updated loan seasoning guidelines for VA Cashout Type 2 Refinance Transactions specifying the stricter of the following must be met
 - A minimum of 210 calendar days must have passed between the first monthly payment due date of the original loan (loan being refinanced) and the Note Date of the new transaction, or

- A minimum of 210 calendar days must have passed between the first monthly payment made date on the original loan (loan being refinanced) and the Note Date of the new transaction

January 9, 2025

Chapter 14 | USDA | Lending Guide

- Updated the Refinance Comparison matrix with guidance related to Loan Seasoning and Credit. *Updates are effective for Conditional Commitments dated on or after 12.19.24*

Retail & TPO Product Snapshots | USDA Refinance

- Updated the Refinance guidance related to Loan Seasoning and Credit guidance for Conditional Commitments dated on or after 12.19.24. Changes are applicable to Non-Streamline, Streamline and Streamlined-Assist products

January 2, 2025

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added guidance under Carbon Monoxide and Smoke Detector Standards specifying Massachusetts state law requires evidence of a fire inspection for compliance with smoke detectors and carbon monoxide detectors be obtained prior to loan recording
- *Update is effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added guidance under Carbon Monoxide and Smoke Detector Standards specifying Massachusetts state law requires evidence of a fire inspection for compliance with smoke detectors and carbon monoxide detectors be obtained prior to loan recording
- *Update is effective immediately*

Chapter 13 | VA | Lending Guide

- Added guidance under Carbon Monoxide and Smoke Detector Standards specifying Massachusetts state law requires evidence of a fire inspection for compliance with smoke detectors and carbon monoxide detectors be obtained prior to loan recording
- *Update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added guidance under Carbon Monoxide and Smoke Detector Standards specifying Massachusetts state law requires evidence of a fire inspection for compliance with smoke detectors and carbon monoxide detectors be obtained prior to loan recording

- *Update is effective immediately*

December 26, 2024

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updated Housing Payment History - Borrower/Co-Borrower - Documentation section adding clarification for when a supplemental mortgage history is required
- *Update is effective immediately*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updated Additional Guidelines Specific to the Expanded Plus Program to revise Forbearance guidance and add guidance for Loan Modifications
- *Update is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated the Housing Payment History - Mortgage section specifying a supplemental mortgage history is required
- *Update is effective immediately*

December 19, 2024

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Updated Co-Signed Mortgage Debt section removing the requirement that documentation be provided verifying the property is the primary residence for the party making the payments
- *Update is effective for loans locked on or after 12.4.24*

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added additional states to the eligible list for vesting in LLC: Hawaii, Idaho, Iowa, North Carolina, Oregon, South Dakota, Utah, Vermont, Virginia and Washington.
- *Update is effective immediately*

Retail Product Snapshot | Verus Mortgage Capital Investor Solutions DSCR | Non-Agency

- Housing Payment History section updated to allow 1x30x12. *Update is effective for loans locked on or after 12.16.24*

Retail Product Snapshot | Cardinal Non-QM AUS

- Added additional states to the eligible list for vesting in LLC: Hawaii, Idaho, Iowa, North Carolina, Oregon, South Dakota, Utah, Vermont, Virginia and Washington.
- *Update is effective immediately*

Retail & TPO Product Snapshot | Conforming Non-Agency 30 Year Fixed - Second Home and Investment Fixed

- Removed ineligible property comprising more than 15 acres of land. Added acreage guidance in the eligible properties section
- Updated Maximum Loan Amounts
- Updated maximum cash-out amount

Updates are effective immediately

December 12, 2024

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

Updated the following sections within the Sales Comparison Approach topic to align with guidance from Fannie Mae and Freddie Mac:

- Selection of Comparable Sales
- Date of Sale and Time Adjustments
- Rural Properties
- Comparable is a Foreclosure or Short Sale

Updates are effective immediately without any change to existing policy

Updated guidance related to Comparable Sales:

- The appraisal report must contain the market analysis that supports the indicated market trends, and any adjustments made for market conditions
- Appraiser must establish a minimum time frame of 12 months from which the overall market trend must be derived

Updates are effective for TRID applications dated on or after February 4, 2025

Chapter 19 | Cardinal Jumbo Prime Non-AUS | Interest Only ARM Lending Guide

- Added for loans locked prior to 12.4, the following requirement applies to Defendant in a Lawsuit section:
 - When the amount of the potential obligation is minimal (less than \$10,000), determine whether the borrower has sufficient assets to establish an escrow account for 1.5 times the amount of the proposed damages
- Added clarification to Serious Derogatory Items breaking out the description of a mortgage and non-mortgage Charge-Off
- Added clarification to Minimum Trade Line requirement changing the term 'current' date to 'credit report' date
- Added under Trust Income that for loans locked prior to 12.4.24, the trust must be established prior to the TRID application date

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updated Additional Guidelines Specific to the Expanded Plus Program to specify PUDtels are an ineligible property type. *Update is effective for loans locked on or after 12.13.24*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Trust Income guidelines to follow AUS and removed additional requirements related to establishment of the Trust and history of receipt
- *Update is effective for loans locked on or after 12.4.24*

Retail Product Snapshot | Cardinal Jumbo AUS Expanded Plus

- Added clarification to the Appraisal section specifying if two appraisals are completed "subject to" and 1004Ds are required, it is allowable to provide one 1004D. If only one 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon
- Updated Additional Guidelines Specific to the Expanded Plus Program to specify PUDtels are an ineligible property type
- *Updates are effective for loans locked on or after 12.13.24*

Retail & TPO Product Snapshot | Cardinal Jumbo AUS

- Updated LTV/CLTV Matrices with required reserves
- Updated loan attributes allowed with 15-year amortizing loans
- Updated DTI to 50% for all transactions
- Added North Dakota and New York as Ineligible
- *Updates are effective with loans locked on or after November 12, 2024*

Retail & TPO Product Snapshot | Cardinal Jumbo AUS Expanded

- Updated LTV/CLTV Matrices with required reserves and loan amount increase to \$3,000,000 for Investment Properties
- Updated loan attributes allowed with 15-year amortizing loans
- Updated DTI to 50% for all transactions
- *Updates are effective with loans locked on or after November 12, 2024*

December 5, 2024

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added clarification under Manufactured Homes related to additions or modifications. *Update is effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Updated elevation standards for New Construction of Site Built and Newly Constructed Condominiums in Flood Hazard Areas requiring that the lowest floor located within the 1-percent-annual-chance (100-year) floodplain be built at least two feet above the base flood elevation as determined by FEMA
- *This update is effective for New Construction with TRID Application Date on and after January 1, 2025. The flood elevation standards for Manufactured Housing remain unchanged by this rule.*
 - *Note: The TRID Application Date is a Cardinal Overlay*

Chapter 22 | Construction & Renovation | Lending Guide

- Updated elevation standards for New Construction of Site Built and Newly Constructed Condominiums in Flood Hazard Areas requiring that the lowest floor located within the 1-percent-annual-chance (100-year) floodplain be built at least two feet above the base flood elevation as determined by FEMA
- *This update is effective for New Construction with TRID Application Date on and after January 1, 2025. The flood elevation standards for Manufactured Housing remain unchanged by this rule*

November 28, 2024

Chapter 2 | Documentation Standards | Lending Guide

- Added section Verification of Business No Longer Open and Operational which provides guidance in documenting a business is no longer active. *This is a clarification only without any change to policy*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification that short-term rental income is not eligible on a purchase transaction as the minimum documentation of one- to two-years tax returns verifying receipt of the income cannot be met. *This is a clarification and is effective immediately*

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

- Removed references indicating manufactured homes located in co-op projects require submission to PERS; these are ineligible property types for delivery to Fannie Mae
- Removed the requirement that single-width units in PUDs and PUD projects consisting of single-width manufactured homes require PERS approval; these are permitted under Fannie Mae's Waiver of Project Review
- *These updates are effective immediately*

Chapter 22 | Construction & Renovation | Lending Guide

- Clarified for OTC transactions that a gift letter is required when the land has been gifted to the borrower and the land acquisition date is within 12 months of the TRID Application Date. *This is a Cardinal overlay and is effective immediately*

Retail Product Snapshot | Huntington National Bank Doctor Loan

- Added guidance related to Hazard Insurance Coverage. *This is clarification of an existing investor guideline and is effective immediately*

Retail Product Snapshots | Verus Mortgage Capital | Non-Agency & Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added clarification to Prepayment Penalty section:
 - Mississippi is not eligible

- Louisiana is not eligible if the business purpose is “no” inside of the system of record
- *This is a clarification and is effective immediately*

November 21, 2024

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Property Condition and Quality Alternative Rating on Manufactured Homes section reflecting an overlay clarifying that a Manufactured Home with a Condition or Quality Alternative Rating of less than Average is not acceptable collateral to secure a Mortgage unless all issues that caused the property to be rated less than Average are repaired prior to funding. *This update is effective immediately*

Chapter 13 | VA | Lending Guide

- Expanded Restoration of Entitlement section adding guidance for Cash-out Refinance of an existing VA Loan
- Added clarification under NTB section when the P&I is lowered due to a modification or ARM adjustment that the current (modified or adjusted) payment should be used when calculating the benefit to the veteran
- Updated Fee Recoupment Calculation section name to Fee Recoupment Requirement. Expanded section to clarify which fees and charges may be excluded from the calculation to meet recoupment. Clarified when the monthly PI payment has changed due to a loan modification or ARM, the monthly PI payment reduction should be computed based on the PI payment at the time of the closing of the new refinancing loan
- Added Cash-Out Refinance Comparison Matrix
- Added Property Condition and Quality Alternative Rating on Manufactured Homes section reflecting an overlay clarifying that a Manufactured Home with a Condition or Quality Alternative Rating of less than Average is not acceptable collateral to secure a Mortgage unless all issues that caused the property to be rated less than Average are repaired prior to funding

These updates are effective immediately

November 14, 2024

Chapter 12 | Credit | FHA Lending Guide

- Added guidance for large deposits made into an account held with a Non-Applicant specifying that if a large deposit is made into an account jointly held with an individual that is not a borrower on the transaction, the deposit is considered a Gift. *This is a clarification from FHA and is effective immediately*

Chapter 13 | VA | Lending Guide

- Added guidance for Income from Overtime Work, Part Time Jobs, Second Jobs, and Bonuses. *This is an alignment with current guidance from VA and is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Added guidance related to Master Policy Insurance for Condominiums stating an existing policy must have a minimum of 60 days remaining at the time of closing (Note date). *This update is effective immediately*

Chapter 22 | Construction & Renovation | Lending Guide

- Added FNMA MH Advantage as an eligible transaction to pair with the FNMA HomeStyle Renovation. *This update is effective immediately*

Retail & TPO Product Snapshot | Fannie Mae HomeStyle | Conventional

- Added HomeStyle MH Advantage and HomeStyle HomeReady MH Advantage as eligible transactions

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

- Added High-Balance as an eligible product term

Retail Product Snapshots | Verus Mortgage Capital | Non-Agency & Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Added Florida to the State Restrictions for Prime Ascent Plus, Prime Ascent, and Investor Solutions DSCR snapshots. *This is effective for locks on or after 11.11.24*
- Chapter 23 Lending Guide: For DSCR - Short Term Rental, removed requirement for Market Overview Report as the market score now appears on the Rentalizer Property Earning Potential Report
- Added Alaska, Arizona, Georgia, and Nevada to eligible states to close in the name of a Limited Liability Company in the Business Vesting section. *This is effective immediately*

Retail Product Snapshot | Cardinal Non-QM AUS

- Added Alaska, Arizona, Georgia, and Nevada to eligible states to close in the name of a Limited Liability Company in the Business Vesting section. *This is effective immediately*

November 7, 2024**Chapter 8 | Employment and Income | Conventional Lending Guide**

- Added clarification for SSI Cost of Living Adjustment (COLA) that the adjustment may be considered towards qualifying income prior to the effective date of the increase. *This update is effective immediately*
- Added guidance for use of income from Part-time employment or the borrower's Second Job when the income has been received for less than 24 months, but no less than 12 months and positive factors have been identified. *This is additional guidance provided to assist in identifying positive factors to offset a shorter employment history only, no changes to Policy and is effective immediately*
- Added clarification to Fannie Mae > Offsetting Monthly Obligations for Rental Property Reported through a Partnership or an S Corporation section including the link for Form 1039 to analyze the investment property positive or negative net income, and outlined the calculation of the business income. *This is additional clarification and is effective immediately*
- Added clarification to Freddie Mac > Monthly Obligations for Rental Property Reported through a Partnership or an S Corporation section outlining how to analyze the personally obligated mortgages on an investment property. *This is additional clarification and is effective immediately*
- Updated Self-Employment Less than Two -years section breaking out Fannie Mae and Freddie Mac guidelines and adding new guidance for Freddie Mac. *Update for Freddie Mac is effective with Note date on or after 11.9.24*
- Added guidance for Business Structure Changes specifying if the Borrower has changed their business structure (e.g., sole proprietorship to S-corporation, S-corporation to corporation), the Borrower's ownership interest percentage must remain the same in order for the current and prior business structures to be considered the same business. *This guidance is effective immediately*

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Added Reconsideration of Value section specifying for loans requiring an appraisal report, a borrower-initiated reconsideration of value (ROV) may be requested when the Borrower(s) believes the appraisal report or the appraiser's opinion of value is: unsupported, may be deficient due to an unacceptable appraisal practice, or reflects discriminatory practices
- Added Property Condition and Quality Alternative Rating on Manufactured Homes section reflecting an overlay clarifying that a Manufactured Home with a Condition or Quality Alternative Rating of less than Average is not acceptable collateral to secure a Mortgage unless

all issues that caused the property to be rated less than Average are repaired prior to funding.
Update is effective immediately

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

- Added Property Condition and Quality Alternative Rating on Cooperatives section reflecting an overlay clarifying that a cooperative with a Condition or Quality Alternative Rating of less than Average is not acceptable collateral to secure a Mortgage unless all issues that caused the property to be rated less than Average are repaired prior to funding. Update is effective immediately

Chapter 12 | Credit | FHA Lending Guide

- Expanded Taxes and Abatement section to include additional guidance on eligible tax exemptions and abatements. *No changes were made to current policy*
- Added clarification for SSI Cost of Living Adjustment (COLA) that the adjustment may be considered towards qualifying income prior to the effective date of the increase. *This update is effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Appraisal Review section which outlines the review process for remediating deficiencies. *Updates related to the Reconsideration of Value are effective with Case Number Assignments dated on or after 10.31.24*

Chapter 13 | VA | Lending Guide

- Expanded Taxes and Abatement section to include additional guidance on eligible tax exemptions and abatements. *No changes were made to current policy*
- Added clarification for SSI Cost of Living Adjustment (COLA) that the adjustment may be considered towards qualifying income prior to the effective date of the increase. *This update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Expanded Taxes and Abatement section to include additional guidance on eligible tax exemptions and abatements. *No changes were made to current policy*
- Added Property Condition and Quality Alternative Rating on Manufactured Homes section reflecting an overlay clarifying that a Manufactured Home with a Condition or Quality Alternative Rating of less than Average is not acceptable collateral to secure a Mortgage unless

all issues that caused the property to be rated less than Average are repaired prior to funding.
Update is effective immediately

October 31, 2024

Chapter 17 | Title Insurance Requirements | Lending Guide

- Clarification to the Survey section was made related to charges for an endorsement and specifying; if the title insurance provider requires a survey, Octane should be updated to 'Survey Required' to ensure the appropriate charge is generated
- *This update is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated the Foreign Income section to reflect guidance for Non-Employment and Employment Income and associated requirements to support the use of the income
- Updated Short-Term Rental Income section reflecting additional documentation requirements for when the income is generated by the subject. Updated section showing LPA is now an acceptable AUS to allow the use of short-term rental income
- Updated Asylee status section including clarification for acceptable documentation
- Added additional guidance under Interested Party Contributions
- *Updates are effective immediately*

Chapter 22 | Construction & Renovation | Lending Guide

- Updated 203(k) Limited product guidelines related to major improvements and the associated waiting period which prevents the borrower from occupying the property for more than 15 days during the rehabilitation period. As a result of the Presidentially-declared Major Disaster Areas (PDMAs) related to Hurricane/Tropical Storm Helene and Hurricane Milton, FHA has issued a temporary waiver of its definition of "major repair" related to the 15 days needed for repair completion. *This temporary waiver applies to FHA-insured Limited 203(k) mortgages closed on or before August 31, 2025*
- Updated the FHA 203(k) Loan section to include the following per Mortgagee Letter 2024-13 effective for Case Number Assignment date on or after 11.4.24:
 - Increased allowable Limited 203(k) rehabilitation costs from \$35,000 to \$75,000
 - Increased financeable Mortgage Payment Reserves from 6 months to 12 months
 - Increased the time repairs may take when considering if a repair is deemed 'major' under the 203(k) Limited program from 6 months to 9 months
 - Added when 'required repairs arising from the appraisal require plans or architectural exhibits' under the list of 'major' repair items for the 203(k) Limited program
 - Added Consultant fees under Financeable Repair and Improvement Costs and Fees for the 203(k) Limited program
 - Updated fees within the Consultant Fee Schedule

Retail & TPO Product Snapshot | Fannie Mae HomeReady | Conventional

- Added clarification that High Balance 2-Unit is limited to 85% LTV/CLTV
- Added clarification that High Balance 3-4 Unit is limited to 75% LTV/CLTV
- *Updates are effective immediately*

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

Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide

- Four separate snapshots have been created for the Verus Prime Ascent Plus, Prime Ascent, Foreign National Investment DSCR, and Investor Solutions (DSCR)
- Chapter 23 | Verus Mortgage Capital | Non-Agency Lending Guide has been created to house the guidelines for this program and removed from the now archived Snapshot. The Lending Guide is uploaded to the Retail and Consumer Direct pages.

October 24, 2024

Chapter 13 | VA | Lending Guide

- Updated Nearest Living Relative Form section specifying the document is required to be signed at closing. *Update is effective for funding date on or after 10.22.24*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Removed “Buydowns funded by more than one contributor” as an ineligible feature for Temporary Buydowns. *Update is effective immediately*

Retail & TPO Product Snapshot | Freddie Mac CHOICERenovation | Conventional

- Added guidance to include temporary rental payment for the Borrower’s principal domicile in the monthly debt payment-to-income ratio if more than 10 payments remain on the lease term as of the Note Date, or the rental lease has a renewal or extension option. *Update is effective for Note date on or after 10.25.24*
- Added clarification that outstanding liens related to the renovations may remain on the Mortgaged Premises after completion of the renovations as long as the CHOICERenovation Mortgage remains a valid First Lien (e.g., mechanics liens that are subordinate to the CHOICERenovation Mortgage are permitted). *Update is effective for Note date on or after 10.25.24*

Retail & TPO Product Snapshot | Freddie Mac CHOICEReno eXPress | Conventional

- Added guidance to include temporary rental payment for the Borrower's principal domicile in the monthly debt payment-to-income ratio if more than 10 payments remain on the lease term as of the Note Date, or the rental lease has a renewal or extension option. *Update is effective for Note date on or after 10.25.24*

Retail Product Snapshot | Huntington National Bank Doctor Loan

- Added guidance regarding the effective policy date for Hazard Insurance. *Update is effective immediately*

Retail Product Snapshot | Redwood Select Jumbo

- Increased Loan Amounts for several LTV/CLTV tiers
- Updated reserve requirements to align with increased loan amounts
- Added Non-Warrantable Condos and Condotels as eligible property types, 10% reduction to max LTV applies
- Removed ARM and 15-year overlays in several sections
- Added transactions with bridge financing by third party, ie: Knock, Homelight or Opendoor are ineligible
- Increased max DTIs from 36% to 38% for LTV/CLTV/HCLTV over 80%
- ARMs max DTI increased from 40% to 45%
- Removed LTV overlays for non-permanent residents and when using business funds for reserves
- *Updates are effective for locks on or after 10.07.24*

Retail Product Snapshot | Redwood Select 90 Jumbo

- Added transactions with bridge financing by third party, ie: Knock, Homelight or Opendoor are ineligible
- *Updates are effective for locks on or after 10.07.24*

Retail Product Snapshot | Redwood Select AUS Jumbo

- Increased Loan Amounts for several LTV/CLTV tiers
- Updated reserve requirements to align with increased loan amounts
- Added transactions with bridge financing by third party, ie: Knock, Homelight or Opendoor are ineligible
- Added Investment property as an eligible occupancy type

- Updated derogatory credit requirements to 0x30x24 from 0x30x12 for mortgage history
- Updates are effective for locks on or after 10.07.24

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Effective for locks on or after 10.21.24, numerous revisions published by investor:
 - Loan LTV Matrices
 - Clarified use of representative credit score
 - Clarified borrower contribution is 5% for second homes using gift funds
 - Updated credit documents age to 120 days (previously 90 days)
 - Added Hazard Insurance and Flood Insurance sections noting maximum deductibles allowed
 - Vesting for Business Purpose Loans > Guarantor Documentation: Members/managers must sign the guaranty as an individual
 - Cash-Out Refinance: Clarified use of appraised value when there is less than 6 months of seasoning
 - Interested Party Contributions
 - Primary residence and Second Homes: 6% for LTV > 75% and 9% for LTV <= 75%
 - Escrow Accounts: Clarified escrow waiver requirements for non-HPML and Business Purpose loans
 - Mortgage Charge-Off: Added section
 - Notice of Default: Added section
 - Standard Documentation > Self-Employed: Removed 2 month business bank statement requirement
 - Misc. revisions to rental income, variable income
 - DSCR - Long Term Rental: Updated gross rent parameters and added rent control
 - DSCR - Short Term Rental: Added option for alternative market rent analysis
 - Appraisal Section: Added Private Road requirements
 - Condominium Section: Updated maximum hazard, HO6 and flood deductibles

October 17, 2024

Chapter 12 | Credit | FHA Lending Guide

- Added additional guidance under the Acceptable Donor section to support the relationship of a close friend. Update is effective immediately

Retail Product Snapshot | Cardinal Equity Access (Closed-end Stand Alone)

- Updated LTV/CLTV matrices breaking out Occupancy and Transaction type. Updated the following LTV limits to align with what is supported by DU and LPA. *Updates are effective immediately:*
 - Principal residence Rate & Term for LPA on a 3-4 unit updated to 80%
 - Principal residence Cash-out 1-unit Maximum LTV updated to 80%
 - Principal residence Cash-out 2-4 unit Maximum LTV updated to 75%
 - Second Home Cash-out Maximum LTV updated to 75%
 - Investment 2-4 unit Maximum LTV updated to 70%

Retail & TPO Product Snapshot | Cardinal Jumbo AUS

- Added properties located in North Dakota and New York as ineligible

Retail Product Snapshot | Huntington National Bank Doctor Loan

- Increased maximum loan amounts for credit score bands 680 and 720 for 1-2 Unit properties, Warrantable Condos and PUDs. *Updates are effective for loans locked on or after 9.30.24*

October 10, 2024

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Updated several sections to defer to the AUS and applicable current Agency selling guide
- Added the assignment of a purchase contract is not eligible unless the transferor is a family member and there is no change to the purchase price
- Removed the continuity of obligation requirements
- Changed the delayed financing requirements to align with the applicable current Agency selling guide requirements
- Removed contract for deed/land contract as an ineligible transaction type
- Added the averaging of credit scores to determine eligibility is not allowed
- Updated the mortgage history requirements to 0X30X12 and 0X60X24
- Updated the rental history requirements to 0X30X12
- Clarified that modifications that were not the result of a distress situation are not subject to waiting periods
- Added income produced or in relation to federally prohibited activities is not allowed
- Added business assets must be accompanied by a CPA letter confirming that the withdrawal of the funds from the business will not harm the financial strength of the business
- Added shared appreciation loans as an ineligible transaction type
- Appendix A Summary of Program Overlays section deleted in its entirety
- *Updates are effective with loans locked on or after 10.7.24*

Added under the Additional Guidelines Specific to the Expanded Plus Program:

- Added additional guidance to the Continuity of Obligation section
- Added Mortgage/Rental Housing History requirements
- Updated seasoning date for Delayed Financing exception from our Note date to TRID Application date
- *Updates are effective immediately*

Retail & TPO Product Snapshot | Cardinal Jumbo AUS

- Updated LTV/CLTV matrices combining 1-unit and 2-4 unit property parameters
- Updated Months Reserves requirements and added to LTV/CLTV matrices
- Broke out matrices for loans locked prior to and on or after October 7th, 2024
- Updated Program Requirements with guidance for loans locked prior to and on or after October 7th, 2024

Retail & TPO Product Snapshot | Cardinal Jumbo AUS Expanded

- Updated LTV/CLTV matrices combining 1-unit and 2-4 unit property parameters
- Updated Months Reserves requirements and added to LTV/CLTV matrices
- Broke out matrices for loans locked prior to and on or after October 7th, 2024
- Updated Program Requirements with guidance for loans locked prior to and on or after October 7th, 2024

Retail Product Snapshot | Cardinal Jumbo AUS Expanded Plus

- Updated Housing History
- Clarified seasoning requirements for Delayed Financing refinance transactions

Retail Product Snapshot | Cardinal Non-QM AUS

- Added Business Entity Vesting section allowing vesting in an LLC for a business purpose loan

Retail Product Snapshots | U.S. Bank Jumbo Fixed & ARM

- Updated reserve requirements for Investment properties from 12 months to 6 months regardless of loan amount

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

- Combined Maximum Guaranty and Entitlement sections into one section with guidance broken out for Maximum Potential Guaranty when the veteran has full entitlement and Maximum Potential Guaranty when the veteran has partial entitlement

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- Added Vesting for Business Purpose Loans (Investment Occupancy) section allowing vesting in an LLC

October 3, 2024

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

- Updated Freddie Mac Condo Project Advisor (CPA) PAR section with details related to LPA, which will now provide more information on the feedback certificate regarding CPA PAR findings. The Feedback Certificate will include information on certain other PAR statuses and their related feedback messages. *This update is effective with LPA submissions on or after September 30th, 2024*

Retail and TPO Product Snapshots | FHA Purchase and Refinance

- Implemented homebuyer education requirement for purchase transactions with FICO scores < 620, or no scores, if all occupying borrowers are first-time homebuyers. At least one occupying borrower must receive homeownership education. *This is effective for locks on or after October 2, 2024 and is a Cardinal Overlay*

Retail and TPO Product Snapshots | USDA Purchase

- Updated with new USDA Fiscal Year (FY) dates beginning October 1st, 2024 and ending on September 30th, 2025

Retail and TPO Product Snapshots | USDA Refinance

- Updated with new USDA Fiscal Year (FY) dates beginning October 1st, 2024 and ending on September 30th, 2025

September 26, 2024

Chapter 2 | Documentation Standards | Lending Guide

- Added new procedure when a broker partner in the wholesale channel obtains and provides the Written Verification of Employment. *This is effective immediately*

September 19, 2024

Chapter 9 | Assets | Conventional Lending Guide

- Added guidance to the Gift Letter Requirements section to indicate the letter must reflect the institution and account number of the donor from which the funds were (or will be) transferred. *This is a Cardinal Overlay and is effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added guidance to the Gift Letter Requirements section to indicate the letter must reflect the institution and account number of the donor from which the funds were (or will be) transferred. *This is a Cardinal Overlay and is effective immediately*

Chapter 13 | VA | Lending Guide

- Added guidance to the Gift Letter Requirements section to indicate the letter must reflect the institution and account number of the donor from which the funds were (or will be) transferred. *This is a Cardinal Overlay and is effective immediately*

Retail and TPO Conventional Fannie Mae and Freddie Mac Snapshots

- Updated Loan Limits section to reflect 2025 conforming loan limits

Retail and TPO Cardinal Jumbo AUS Snapshots and Chapter 20 | Cardinal Jumbo AUS | Lending Guide

- Added Interest Only eligibility to the Cardinal Jumbo AUS product for primary and second home transactions

September 12, 2024

Chapter 9 | Assets | Conventional Lending Guide

- Aligned guidance for Fannie Mae and Freddie Mac clarifying that the borrower's portion of real estate commission earned from the sale of the subject property and used towards our transaction is not considered in the IPC limits. *This update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added guidance to the Gift Letter Requirements section to indicate the letter must reflect the institution and account number of the donor from which the funds were (or will be) transferred. *This is a Cardinal Overlay and is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Secondary Valuation guidance to specify if a higher level secondary valuation is provided and does not support the appraised value, a lower level secondary valuation type may no longer be used. *Update is effective for loans locked on or after 9.11.24*
- Added Appraisal (Exterior Only or Interior/Exterior) as an optional Secondary Valuation Product. Removed Desk Review as optional Level 2 Secondary Valuation product while permitting the CDA only at this time. *Update is effective immediately*

Retail & TPO Product Snapshot | Freddie Mac CHOICEHome | Conventional & Product Snapshot | MH Advantage and CHOICEHome Comparison

- Added clarification that a manufactured home accessory dwelling unit (ADU) is eligible on the CHOICEHome product. The manufactured home ADU must be legally classified as real property, must have a minimum of 400 square feet of finished area, and must meet all property eligibility requirements per agency guidelines. *This is a clarification and is effective immediately*

September 5, 2024

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated the effective date of a prior announcement from Freddie Mac: Updated Monthly Housing Expense section for Freddie Mac (LPA) transactions stating that if a flood insurance policy shows a full risk premium and a discounted premium, the full risk premium, plus any fees and surcharges, must be used to calculate the housing expense-to-income and debt payment-to-income ratios. *Update is effective for Note dates on or after 4.1.25*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated the Fluctuating Hourly Employment Earnings for Freddie Mac specifying the underwriter must average the most recent year(s) and YTD income over the applicable number of months of required history and documentation, however, in certain instances, the calculation may be based on a shorter number of months. *This update is effective immediately*

Chapter 10 | Property and Appraisal Requirements | Conventional Lending Guide

- Updated Warranty of Completion section breaking out Fannie Mae and Freddie Mac guidance, with Freddie Mac updated to allow the Warranty of Completion on existing construction
- Updated Freddie Mac ACE Plus PDR guidance to permit the Warranty of Completion on existing construction. Provided additional guidance related to the Acceptable Completion Forms
- *This change is effective immediately*

Chapter 16 | Insurance | Lending Guide

- Addressed Flood Insurance Premium amount changes for Freddie Mac, specifying for transactions stating that if a flood insurance policy shows a full risk premium and a discounted premium, the full risk premium, plus any fees and surcharges, must be used to calculate the housing expense-to-income and debt payment-to-income ratios. *This update is effective for Note dates on or after 4.1.25*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

Added under the Additional Guidelines Specific to the Expanded Plus Program:

- Added section K-1 Recent Conversion providing guidance for when the borrower has been recently converted to receiving K-1 compensation (such as promotion to partner in a law firm)
- Removed reference for W2 transcript under Borrowers Employed by a Family Member
- *Guidance is effective immediately*

August 29, 2024

Chapter 13 | VA | Lending Guide

- Added guidance for the re-use of the appraisal on subsequent transactions clarifying the appraisal may only be used for our transaction. *This guidance aligns with VA and is effective immediately*

August 22, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Employed by Family section clarifying the number of years tax returns required for each Agency (FNMA and Freddie Mac) and providing guidance for both that the most recent year's tax return must show income reported from the family owned business to be used for qualification. *This update aligns with Agency guidelines and is effective immediately*

Chapter 9 | Assets | Conventional Lending Guide

- Updated Rental or Lease Credit section to include additional documentation types for evidencing rental payments remitted to the seller. Added additional clarification related to the number of months documented rental payment history for FNMA and Freddie Mac. Added Rent-back Credit section which provides guidance for a rent-back credit from the seller to the borrower. *Guidance is effective for TRID Application date on or after 8.7.24*

Chapter 22 | Construction & Renovation | Lending Guide

- Added clarification under One-Time Close Conventional and One-Time Close FHA that when land is gifted, the donor must be an acceptable donor to allow credit for the land. The donor (regardless of a familial relationship) may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction. *This update aligns with Agency guidelines and is effective immediately*

August 15, 2024

Chapter 22 | Construction & Renovation | Lending Guide

- Updated Change Order section under VA OTC specifying change orders should be reviewed in advance by the appraiser to ensure no loss in value. Change orders/upgrades made after the appraisal cannot be mortgaged into the loan unless an updated appraisal is obtained. *This update is effective immediately*

August 8, 2024

Chapter 2 | Documentation Standards | Lending Guide

- Updated Evidence of Tax Liability Payment section to direct the user to the individual program guidelines

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Tax Liability (Federal or State Income Taxes) section to provide Required Documentation and requirements when a tax extension has been filed. *This is clarification only and is effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Added additional clarification under Federal Debt for IRS Payment Plans for Taxes Due (Not Resulting in a Tax Lien). *Update aligns with FHA's current direction and is effective immediately*

Chapter 13 | VA | Lending Guide

- Updated Fees and Charges section per [Circular 26-24-14](#) adding as Allowable Fees any buyer broker charges (including commissions and any other broker-related fees), subject to restrictions. *Update is effective 8.10.24*
- Added additional clarification under Federal Debt for IRS Payment Plans for Taxes Due (Not Resulting in a Tax Lien). *Update is effective immediately*

August 1, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Clarified language in Rental Income > Calculating Monthly Qualifying Rental Income (or Loss) sections for both FNMA and Freddie Mac when providing supporting documentation for the lease. *Updates are effective immediately.*
- Updated Employment Offers or Contracts section adding FNMA and Freddie Mac options based on whether a pay stub is required prior to delivery or not provided before delivery. Added clarification of the internal process for Loan Review approval for both options. Retail and TPO Overlay Matrices were updated with guidelines for loans with pay stub required prior to delivery and FNMA pay stub not required prior to delivery. *Updates are effective immediately.*

Chapter 9 | Assets | Conventional Lending Guide

- Added guidance related to Large Deposits for Freddie Mac specifying the only acceptable sources of deposit are the borrower's income, funds awarded to the borrower (e.g., disaster relief funds, lottery winnings, court-awarded settlement), and funds derived from eligible asset types stated in Asset Types and Uses of Funds
- *Guidance is effective for Note date on or after 7.30.24*

Resource | Rental Income Matrix

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

July 25, 2024

Chapter 12 | Credit | FHA Lending Guide

- Added Pension Income and Income from Individual Retirement Account (IRA) and 401(k) sections providing guidance and documentation requirements for income used from these sources as Effective Income. *Updates align with FHA's current guidance and are effective immediately*

July 18, 2024

Chapter 2 | Documentation Standards | Lending Guide

- Updated Amended Tax Return policy allowing lowest income calculation without tax transcripts. Under no circumstances will the highest income be allowed without the corresponding tax transcript.
- *Updates are effective for locks on or after 7.16.24*

Retail Product Snapshot | Freddie Mac CHOICEReno eXpress & Retail Product Snapshot | Freddie Mac CHOICERenovation | Conventional

- Added clarification that the The Cardinal Financial Home Possible Grant and Freddie Mac's BorrowSmart are eligible for use with the CHOICERenovation and CHOICERenovation eXpress programs

Retail Product Snapshot | Fannie Mae HomeStyle | Conventional

- Added clarification that the The Cardinal Financial HomeReady Grant is eligible for use with the HomeStyle Renovation program

Retail Product Snapshot | Verus Mortgage Capital | Non-Agency

- *Effective for locks on or after 7.15.24, numerous revisions published by investor:*
 - Loan LTV Matrices
 - Ohio prepayment penalty restriction removed
 - Eliminated CBSA markets; updated state overlay restrictions list to CT, IL, NJ, NY
 - Added Escrow Account section
 - Added Declining Market section
 - Added AVM from Clear Capital as an Appraisal Review option
 - CBSA Table has been removed
 - Borrower Eligibility > Non-Permanent Resident Alien: Clarified eligible VISA classifications

- Foreign National
 - Residency: Added clarification for primary residence in the U.S. and removed requirement for third party document verifying address
 - ITIN borrowers are eligible
 - Added requirement for a credit report to be included in the file evidencing the borrower's credit score, or as evidence of no score available
- Purchase transactions: Arm's Length For-Sale-By-Owner transactions allowed
- Rate/Term Refinance: Changed seasoning definition to acquisition date to subject Note date
- Cash-out Refinance: Clarified seasoning requirements and property value determination
- Escrow Accounts: Required on all loans
- Fraud Report and OFAC Check: Updated transaction participants to Borrowers/Guarantors, Property Sellers, and Settlement Agents
- Housing History: Clarified requirements for borrowers living rent free and requirements for non-subject REO
- Mortgages Not Reporting on Credit: Clarified requirements and removed requirement for copy of Note
- Balloon Notes with Maturity Default: Added new section and delinquent parameters clarified
- Court-Ordered Assignment of Debt: Added new section and clarified guidelines
- Forbearance: Clarified requirements when greater than 12 months from Note date
- Assets > Large Deposits: New definition as any single deposit that represents greater than 100% of the borrower's qualifying monthly income. Also provided clarity around business large deposits.
- DTI Section: Added direction for calculation of property taxes
- Social Security Income: New section added with documentation guidelines
- Trust Income: Trust documentation must show the date the trust was created, updated trust verification requirements and income calculations
- DSCR Short Term Rental > AirDNA: Removed 60% occupancy rate requirement, updated comparable requirements to 3 in the same zip code, updated Market and Sub-Market score requirements
- DSCR: Added direction for calculation of property taxes and housing history for first time homebuyers living with a spouse that owns a primary residence
- Appraisal Review: Added AVM from Clear Capital as an option
- Condominium > Master Policy of Insurance: Added maximum deductible of 5%

July 11, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Updated Freddie Mac Rental Income section indicating:
 - When the source of rental income is from a subject investment property purchase transaction:
 - Permitting use of rental income to qualify when the borrower rents their primary residence, provided the rental payment is documented

- Previously, rental income could be used to qualify only when the borrower owned their primary residence
 - Permitting an exception to the requirement that *each* borrower must rent or own their primary residence (i.e., be on the mortgage or the lease) to apply to at least one borrower when multiple borrowers share their primary residence
 - Previously, all borrowers on the subject transaction were required to own their primary residence, regardless of whether they resided together
 - When the source of rental income is from either a subject investment property (purchase transaction) or primary residence being converted to an investment property:
 - Permitting the full amount of net rental income to be used to qualify as long as at least one borrower has a minimum of one year of investment property management experience
 - Previously, all borrowers were required to have the one-year investment property management experience
- Revised calculation of rental income for property owned as a rental property during the prior calendar year
- *Updates are effective immediately*

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

- Updated Shared Amenities section breaking out Fannie Mae and Freddie Mac requirements
- Updated Freddie Mac guidance to permit a Condominium Project and Cooperative Project that share amenities with one or more other residential projects
- *Updates are effective immediately*

Chapter 13 | VA | Lending Guide

- Revised Co-signed / Co-obligor on a Loan or Obligation section to remove the statement that there must be no delinquent payments for the debt in order to exclude from the DTI. While VA does require the debt to be current, they do not require that there are no delinquent payments in the history
- *Updates are effective immediately*

Chapter 14 | USDA | Lending Guide

- Added additional documentation requirements for Business Debts requiring payments paid for by the business must be supported by a cash flow analysis and /or profit and loss statement
- Increased the maximum PITIA Ratio to 34% from 31% for manually underwritten loans or those with a GUS Refer. Clarified that waivers are not permitted to increase the PITIA ratio above 34% for purchase transactions

- Added additional Compensating Factors
- Updates are effective with Conditional Commitment date on or after 8.5.24

July 4, 2024

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added guidance for Fidelity Insurance for condo projects to include an additional calculation for existing policies to determine sufficient coverage. *Effective with Case Number Assignments dated on or after 8.19.24*
- Revised guidance for Condominium Hazard Insurance to state the Policy must be in an amount to fully cover the insurable replacement cost of all Units and all insurable Common Elements. *Effective with Case Number Assignments dated on or after 8.19.24*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Appraisal section noting that CU/LCA scores ≥ 5 are ineligible for this product. *Effective for locks on or after 7.5.24*

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

- Clarified that TAV's, BPO's and AVM's are not acceptable forms of collateral evaluation
- Added Foreign Assets section
- Added additional ineligible Property Types
- Updated Student Loan calculation when the credit report reflects a student loan in repayment, deferment or forbearance
- Updates are effective immediately

Retail & TPO Product Snapshots | Conforming Fixed & Adjustable Rate Mortgage (ARM) Fannie Mae | Conventional High Balance & Super Conforming Fixed | Fannie Mae HomeReady

- Added New Jersey eligible counties for Cooperatives. *Updates are effective immediately*

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

- Added New Jersey eligible counties for Cooperatives. *Updates are effective immediately*

Retail Product Snapshot | Freddie Mac Home Possible Mortgages

- Added New Jersey eligible counties for Cooperatives. *Updates are effective immediately*

Retail Product Snapshot | Cardinal Jumbo AUS Prime

- Updated Appraisal section noting that CU/LCA scores ≥ 5 are ineligible for this product. *Effective for locks on or after 7.5.24*

June 27, 2024

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Remote Observation section detailing requirements when an appraiser may use remote observation technology when completing the 1004D / Form 442. *Effective with Case Number Assignments dated on or after 8.19.24*

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

- Added a Clear Capital BPO and Value Reconciliation as an additional Appraisal Review product when the CDA returns a value that is 'Indeterminate' or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance. *Update is effective immediately*

Retail Product Snapshot | Fannie Mae HomeStyle | Conventional

- Added the Cardinal Special Purpose Credit Program (SPCP) and the Cardinal Special Purpose Credit Program (SPCP) MH Advantage as Special Program Considerations

Retail Product Snapshot | Cardinal Special Purpose Credit Program (SPCP)

- Added High Balance availability
- Added HomeStyle Renovation as an eligible transaction

Retail Product Snapshot | Cardinal SPCP Fannie Mae Manufactured Home (MH) Advantage

- Added High Balance availability
- Added HomeStyle Renovation as an eligible transaction

June 20, 2024

Chapter 7 | Liabilities and Qualifying Ratios | Conventional Lending Guide

- Updated Monthly Housing Expense section for Freddie Mac (LPA) transactions stating that if a flood insurance policy shows a full risk premium and a discounted premium, the full risk premium, plus any fees and surcharges, must be used to calculate the housing expense-to-income and debt payment-to-income ratios. *Update is effective for Note dates on or after 9.5.24*

Chapter 20 | Cardinal Jumbo AUS | Lending Guide

Added under the Additional Guidelines Specific to the Expanded Plus Program

- Funds required to pay off unseasoned second liens (closed end <12 months, HELOC <12 months or draws more than \$2,000 in the past 12 months) must be considered in the total of cash out proceeds. Cash in hand, plus the amount to pay off the 2nd lien, cannot exceed the maximum cash out proceeds allowed. *Effective for loans locked on or after 6.14.24*
- Added guidance for Non-Occupant Co-Borrowers. *Effective for loans locked on or after 6.14.24*
- Updated Tax Transcripts requirements to clarify tax transcripts obtained for personal tax returns are required when tax returns are used to document the borrower's income, or any loss, and must match the documentation in the loan file. Clarified secondary validation requirements for Salaried Borrowers and those receiving Social Security Income. *Effective for loans locked on or after 6.14.24*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated the Schedule K-1 <25% Ownership section to provide separate guidance for DU and LPA. *Update is effective for loans locked on or after 6.26.24*

June 13, 2024

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added Self-Employed Business no Longer Open and Operational section clarifying that when a self-employed business is not disclosed, but is identified on the tax returns, Fraud Report, or other documentation, and that business has closed or has changed ownership, evidence must be provided that the entity is no longer open and operational. *Update is effective immediately*

Chapter 9 | Assets | Conventional Lending Guide

- Added clarification under Financing Concession stating Builder Standby Commitment fees, also known as Forward Commitments, are not subject to interested party contribution limits. *Update is effective with applications dated on or after 9.4.24*

Chapter 12 | Credit | FHA Lending Guide

- Updated Adjusted Value section for refinance transactions adding the following for *Case Number Assignments* dates on or after 8.19.24 - Properties acquired by the Borrower within 12 months of Case Number assignment by inheritance, through a Gift from a Family Member, or through a non-monetary transaction, may utilize the calculation of Adjusted Value for properties purchased 12 months or greater
- Added Self-Employed Business no Longer Open and Operational section clarifying that when a self-employed business is not disclosed, but is identified on the tax returns, Fraud Report, or other documentation, and that business has closed or has changed ownership, evidence must be provided that the entity is no longer open and operational. *Update is effective immediately*
- Updated Property Owned by a LLC section to provide clarification from FHA that ownership of the property by the borrower's LLC (regardless of percentage) may not be counted towards meeting ownership requirements. *Update is effective immediately*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added additional guidance for Certificate of Completion Form 1004D *For Case Number Assignments* on or after 8.19.24, If the Appraiser is being utilized to provide evidence of completion of repair(s) Form 1004D/ Form 442 must be used

Chapter 13 | VA | Lending Guide

- Added Self-Employed Business no Longer Open and Operational section clarifying that when a self-employed business is not disclosed, but is identified on the tax returns, Fraud Report, or other documentation, and that business has closed or has changed ownership, evidence must be provided that the entity is no longer open and operational. *Update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added acceptable documentation types to support the closure of a business when the business is closed and income is removed from the consideration of annual income. *Update is effective immediately*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Expanded Non-Arm's Length Transaction section to include examples of non-arm's length transactions

June 6, 2024

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added Geographic Restrictions section, specifying for the state of Texas that a cash-out transaction on a second home or investment property requires the borrower to own a primary residence in Texas. *Update is effective immediately*

Chapter 12 | Credit | FHA Lending Guide

- Updated guidance to document large deposits using total Effective Income rather than Adjusted Value of the home. *Effective with Case Number Assignments dated on or after 5.20.24*
- Updated the Documenting the Transfer of Gift Funds section revising documentation requirements for the transfer of funds from the donor to the borrower. *Effective with Case Number Assignments dated on or after 5.20.24*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added Proximity to High Pressure Gas Line section. *Update aligns with FHA's current guidance and is effective immediately*

Chapter 13 | VA | Lending Guide

- Added Cash to Veteran Generally not an Eligible Loan Purpose clarifying that veterans may receive cash back for amounts credited for prorated taxes paid in arrears. *Update is effective immediately*
- Added clarification for refinancing of contract for deed when the veteran is the owner of the property and when the veteran is not the titled owner of the property. *Update is effective immediately*
- Added the following guidance under IRRRL Eligible Transactions for loans to Veterans and a fiancé who intend to marry and take title as Veteran and Spouse: a copy of the borrowers' marriage certificate or other proof of marriage showing the marriage preceded loan closing must be retained in the loan file. A marriage license is inadequate. *Update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added additional clarification for Verification of Rent (VOR) stating a VOR is required on manually underwritten loans when the FICO score is less than 680. *This update aligns with USDA guidance and is effective immediately*

Retail & TPO Product Snapshots | Conforming Fixed & Adjustable Rate Mortgage (ARM) | Freddie Mac Freddie Mac HomeOne | Freddie Mac Home Possible

- Updated BorrowSmart LIP and MIP Grant eligibility. *Updates are effective immediately*

May 30, 2024

Chapter 2 | Documentation Standards| Lending Guide

- Clarified guidance for input of the borrower's current residence when completing the application *This is clarification only, no changes to existing policy were made*

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added clarification for Cash-out refinance transactions on a manufactured home that both the home and land must be owned and classified as real property for a minimum of 12 months, or 6 months if owned Free and Clear. *This is a clarification only, no changes to existing policy were made*

Chapter 12 | Credit | FHA Lending Guide

- Added properties with a water source that includes a mechanical chlorinator or is served by springs, lakes, rivers, sand-point wells or artesian wells are ineligible for financing. *Effective with Case Number Assignments dated on or after 5.20.24*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Added properties with a water source that includes a mechanical chlorinator or is served by springs, lakes, rivers, sand-point wells or artesian wells are ineligible for financing. *Effective with Case Number Assignments dated on or after 5.20.24*
- Documentation for new construction; clarified the required documentation that must be obtained for well water analyses and septic reports. *Effective with Case Number Assignments dated on or after 5.20.24*

- Added updated form number reference to FEMA NFIP Elevation Certificate to show #FF-206-FY-22-152

Chapter 16 | Insurance | Lending Guide

- Updated Compliance Aid for Mandatory Acceptance section with clarification from FHA that in the absence of the Aid within the policy, the mortgagee may determine if FHA requirements are met, or rely on a separate provision containing the language. *Update is effective immediately*

May 23, 2024

Retail Product Snapshot | Fannie Mae HomeReady

- Updated Income Limits section to state DU will apply 2024 limits to new DU loan casefiles created on or after May 19th, 2024. Loan casefiles created prior to May 19th, 2024 will continue to use 2023 limits

Retail Product Snapshot | Fannie Mae RefiNow

- Updated Income Limits section to state DU will apply 2024 limits to new DU loan casefiles created on or after May 19th, 2024. Loan casefiles created prior to May 19th, 2024 will continue to use 2023 limits

May 16, 2024

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Updated reserve requirements for Freddie Mac Multiple Financed Properties to specify that when processing multiple Mortgage applications for the same Borrower, the same assets may be used to meet the reserve requirements for each transaction. *Update is effective immediately*

Chapter 8 | Employment and Income | Conventional Lending Guide

- Added clarification under Foreign Income breaking out Fannie Mae and Freddie Mac requirements and specifying the U.S. Federal Income tax return requirement for each agency. *This is a clarification only, no changes to existing policy were made*
- Clarified Fannie Mae policy regarding trust income. *Updates are effective immediately:*
 - Provided additional guidance related to Trust verification documentation
 - Added Trusts created within 12 months of the loan application date and funded by the borrower's employment-related assets may still be used as income but must meet the income calculation and all other requirements in Employment-Related Assets as Qualifying Income

- Updated number of months receipt for variable trust income from 24 to 12 months when other positive factors are present that reasonably offset the shorter income history
- Added for variable trust income, lenders may rely upon copies of the trust's federal income tax returns, as an alternative to the borrower's personal tax returns

Chapter 12 | Credit | FHA Lending Guide

- Updated Ineligible Properties section to include properties as listed on Cardinal's Overlay Matrix; *no changes to existing policy were made*

Chapter 12 | Property and Appraisal Requirements | FHA Lending Guide

- Updated Ineligible Properties section to include properties as listed on Cardinal's Overlay Matrix; *no changes to existing policy were made*

Chapter 13 | VA | Lending Guide

- Added Temporary Boarder Rental Income Single Family Residence section providing guidance for boarder income. *This update aligns with VA's current guidance and is effective immediately*
- Updated Ineligible Properties section to include properties as listed on Cardinal's Overlay Matrix; *no changes to existing policy were made*
- Removed rental income from an Accessory Dwelling Unit as being ineligible. Clarified rental income on the subject ADU is acceptable if requirements under Temporary Boarder Income can be satisfied. *This is current clarification from VA and is effective immediately*
- Clarified under Temporary Boarder Income that if the transaction is a purchase, a letter from the boarder must be obtained verifying they will be moving with the veteran and residing in the new subject property. *This update is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added child care expense deduction clarification to state child care expenses that exceed the earnings of the family member enabled to work are not permissible for deduction. *This update is effective 5.6.24*

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

- Clarified land with an existing dwelling on the property, such as land with an existing manufactured home, is not eligible under the OTC product. *This is clarification from Fannie Mae and aligns with their current guidance, update is effective immediately*

May 9, 2024

Chapter 12 | Credit | FHA Lending Guide

- Clarified credit inquiries reflecting on a non-borrowing spouse's credit report do not need to be addressed. *This is a clarification only and is effective immediately*

Chapter 13 | VA | Lending Guide

- Clarified credit inquiries reflecting on a non-borrowing spouse's credit report do not need to be addressed. *This is a clarification only and is effective immediately*

Chapter 14 | USDA | Lending Guide

- Updated Ineligible Properties section to include properties as listed on Cardinal's Overlay Matrix; *no changes to existing policy were made*

Chapter 21 | Cardinal Jumbo AUS Prime | Lending Guide

- Updated Appraisal Photograph section clarifying photographs of all gathering rooms are required. *Update is required for appraisals with an effective date on or after June 6, 2024*

Chapter 22 | Construction & Renovation | Lending Guide

- Added exceptions that are allowed when the borrower has not been on title for at least six months prior to the Note date on a property owned free and clear. *Update is effective immediately*

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

- Added exceptions that are allowed when the borrower has not been on title for at least six months prior to the Note date on a property owned free and clear. *Update is effective immediately*

Retail & TPO Product Snapshot | USDA Purchase

- Updated Ineligible Properties list to align with Cardinal Lending Guide Chapter 14 and Cardinal Overlay Matrix; *no changes to existing policy were made*

Retail & TPO Product Snapshot | USDA Refinance

- Updated Ineligible Properties list to align with Cardinal Lending Guide Chapter 14 and Cardinal Overlay Matrix; *no changes to existing policy were made*

May 2, 2024

Chapter 4 | Eligible Transactions | Conventional Lending Guide

- Added clarification under Delayed Financing Manufactured Home with Fannie Mae that the Delayed Financing exception is not eligible for newly constructed properties when used to reimburse the borrower for the cost of a manufactured home installation. *This is clarification from Fannie Mae and is effective immediately*

Chapter 14 | USDA | Lending Guide

- Added Certificate of Deposit (CD) section
- Removed monthly subscription services and gym memberships as ineligible non-traditional tradelines
- Included guidance for Part-Time income with Base Wages section
- Clarified requirements for Social Security Income benefits (no change to policy)
- Updated Unreimbursed Employee or Business Expenses section specifying with Conditional Commitment dates on or after 5.6.24, a history of the expense is not required
- Updated Gift Funds section removing the requirement to source funds received from the donor and added the guidance that sufficient funds to cover the gift have been transferred to the applicant's account, or will be documented as received by the closing agent at the time of closing
- Updated Gift Funds section specifying ineligible donor types and removing specific eligible donors

Updates are effective 5.6.24 (TRID Application date or Conditional Commitment date as specified in the respective Lending Guide topic)

Chapter 16 | Insurance | Lending Guide

- Updated Property Insurance maximum deductible for USDA transactions to align with all agencies indicating a maximum of 5% of the Policy Coverage Amount. *This update is effective with TRID application date on or after 5.6.24*

Retail Cardinal Jumbo AUS Prime Product Snapshot

- Updated LTV and FICO score requirement for 4-unit investment properties from 75% LTV with a minimum FICO of 700 to a maximum of 70% LTV with a minimum FICO of 740. *This update is effective as of 4.17.24*

Resource | Rental Income Matrix

- Added Subject Property with Accessory Dwelling Unit section

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

- 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 18 | Mortgage Insurance | 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 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 restrictions Added 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

- 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 8 | Employment and Income | 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 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

- 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

- 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 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 flood 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
 - 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