

Cardinal Financial offers the Non-QM Flex product through Octane which provides features beyond the criteria established for Qualified Mortgages. Features include alternative income documentation, Interest Only and DTI ratios that exceed normal agency guidelines, and loan qualification for investment properties using the subject cash flow. Below is a summary of requirements and features. Please see the [Cardinal Non-QM Flex Lending Guide](#) for the full product requirements. Guidelines are subject to change without notice.

Refer to the [Jumbo Comparison Matrix Resource Document](#) > TPO Non-QM Comparison tab as an additional resource.

Prime Plus - Standard and Alt Documentation

Primary Residence		Maximum LTV / CLTV ^{1, 2}		
Minimum Credit Score	Maximum Loan Amount	Purchase	Rate/Term Refi	Cash-Out Refi
720	\$1,000,000	90	80	80
	\$2,000,000	80	75	75
	\$2,500,000	75	70	70
700	\$1,000,000	85	75	75
	\$2,000,000	80	70	70
	\$2,500,000	70	65	65
680 ¹	\$1,000,000	80	75	75
	\$2,000,000	75	70	70
	\$2,500,000	70	N/A	N/A
¹ Interest Only: Minimum Credit Score 700, and maximum LTV is 80% ² LTV/CLTV Limitations <ul style="list-style-type: none"> Condo max LTV limited to 80% Rural: Max LTV/CLTV 80% Purchase, 75% Rate/Term, and Cashout Refinance 				

Second Home & Investment		Maximum LTV / CLTV ¹		
Minimum Credit Score	Maximum Loan Amount	Purchase	Rate/Term Refi	Cash-Out Refi

720	\$1,000,000	75	70	70
	\$2,000,000	75	70	70
700	\$1,000,000	75	70	70
	\$2,000,000	75	70	70
680	\$1,000,000	75	70	70
	\$2,000,000	75	70	70

¹ Interest Only: Minimum Credit Score 700

Prime Plus Documentation Program Parameters

Eligible Transactions	<ul style="list-style-type: none"> • 30-Yr Fixed • 30-Yr Fixed Interest Only • 15-Yr Fixed • 5 / 6 ARM • 5 / 6 ARM Interest Only • 7 / 6 ARM • 7 / 6 ARM Interest Only • 10 / 6 ARM • 10 / 6 ARM Interest Only 														
Octane Programs	<table> <tr> <th colspan="2">Octane Product Codes Standard Doc</th></tr> <tr> <td>NQFPP30SD</td><td>Non-QM Flex Prime Plus 30 Year Fixed - Standard Doc - Cardinal Financial</td></tr> <tr> <td>NQFPP30SDIO</td><td>Non-QM Flex Prime Plus 30 Year Fixed - Standard Doc - Interest Only - Cardinal Financial</td></tr> <tr> <td>NQFPP15SD</td><td>Non-QM Flex Prime Plus 15 Year Fixed - Standard Doc - Cardinal Financial</td></tr> <tr> <td>NQFPP5/6SD</td><td>Non-QM Flex Prime Plus 5/6 ARM - Standard Doc - Cardinal Financial</td></tr> <tr> <td>NQFPP5/6SDIO</td><td>Non-QM Flex Prime Plus 5/6 ARM - Standard Doc - Interest Only - Cardinal Financial</td></tr> <tr> <td>NQFPP7/6SD</td><td>Non-QM Flex Prime Plus 7/6 ARM - Standard Doc -</td></tr> </table>	Octane Product Codes Standard Doc		NQFPP30SD	Non-QM Flex Prime Plus 30 Year Fixed - Standard Doc - Cardinal Financial	NQFPP30SDIO	Non-QM Flex Prime Plus 30 Year Fixed - Standard Doc - Interest Only - Cardinal Financial	NQFPP15SD	Non-QM Flex Prime Plus 15 Year Fixed - Standard Doc - Cardinal Financial	NQFPP5/6SD	Non-QM Flex Prime Plus 5/6 ARM - Standard Doc - Cardinal Financial	NQFPP5/6SDIO	Non-QM Flex Prime Plus 5/6 ARM - Standard Doc - Interest Only - Cardinal Financial	NQFPP7/6SD	Non-QM Flex Prime Plus 7/6 ARM - Standard Doc -
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Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out Refinance <ul style="list-style-type: none"> ◦ Max Cash-In-Hand: \$1,000,000 (Not applicable for Delayed Financing transactions) 	

Acreage	<ul style="list-style-type: none"> Maximum acreage up to 20 acres
Appraisals	<ul style="list-style-type: none"> Two appraisals are required when any of the following conditions exist: <ul style="list-style-type: none"> Loan amounts > \$2,000,000 The transaction is a flip as defined in the Property Flipping section of this guide As required under the Appraisal Review guidelines below When a second appraisal is provided, the “appraised value” will be the lower of the two appraisals.
Appraisal - Declining Market	<p>If the appraisal report identifies the property in a declining market:</p> <ul style="list-style-type: none"> Maximum LTV/CLTV is limited to 85% for purchase and 75% for rate/term and cash-out refinance transactions
Appraisal Review	<p>An appraisal review product is required on every loan unless a second appraisal is obtained. Four (4) options are available:</p> <ul style="list-style-type: none"> A Collateral Underwriter (CU) or Loan Collateral Advisor (LCA) with an eligible score of 2.5 or less. The file must include a copy of the Submission Summary Report (SSR). Only one score is required, but if both scores (CU & LCA) are provided, both are required to be 2.5 or less; or AVM from Clear Capital dated within 90 days of the Note date, or Collateral Desktop Analysis (CDA) from Clear Capital, or A second appraisal. <p>If the CU/LCA score exceeds 2.5, the file must include either an AVM from Clear Capital, a CDA from Clear Capital, or a second appraisal.</p> <p>The AVM must show an acceptable FSD score range of 0.00 to 0.13 and the AVM value must be within 10% of the appraised value.</p> <ul style="list-style-type: none"> If the AVM reflects a value more than 10% below the appraised value or cannot provide a value, the file must include an acceptable CDA from Clear Capital or a second appraisal. <p>If the CDA Desk Review reflects a value more than 10% below the appraised value or cannot provide a validation, the next option would be a second appraisal.</p> <p>A second appraisal must support the original appraised value, else the lower of the two appraisals must be used in the LTV/CLTV calculation.</p> <p>Any appraisal review product or second appraisal may not be from the same appraiser or appraisal company as the original report.</p>
Asset Documentation	<p>Minimum of 30 days asset verification required</p> <ul style="list-style-type: none"> Any large deposit must be sourced
Credit Score	<p>Use the representative credit score of the borrower with the highest qualifying income.</p>

Credit Tradelines	<ul style="list-style-type: none"> • If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived • When the primary borrower has less than three credit scores, each borrower must meet the following minimum tradeline requirements. <ul style="list-style-type: none"> ◦ At least three (3) tradelines reporting for a minimum of 12 months, with activity in the last 12 months, or ◦ At least two (2) tradelines reporting for a minimum of 24 months, with activity in the last 12 months. • Borrowers who do not meet one of the above tradeline requirements, but have a minimum of two credit scores, can alternatively satisfy the tradeline requirements found here: Tradelines
Document Age	<ul style="list-style-type: none"> • 120-day validity date for the following: <ul style="list-style-type: none"> ◦ Income verification ◦ Mortgage/rental verification ◦ Asset documents/bank statements ◦ Credit report ◦ Title Commitment <ul style="list-style-type: none"> ■ A 24-month title history is required, showing transfer dates, price, and buyer and seller names • Appraisals must be dated within 365 days of the Note date, but recertification of value (1004D) would be required if an appraisal will be more than 120 days old on the date of the Note.
DTI Requirements	Maximum 43%
Escrow Accounts	<p>Escrows for hazard insurance, property taxes and flood (if applicable) are required</p> <ul style="list-style-type: none"> • See Escrows - Impound Accounts for full details, along with waiver requirements
First-Time Home Buyers	<p>Eligible</p> <ul style="list-style-type: none"> • Primary residence transaction only • 12-month rental history, reflecting 0x30x12 • First-time home buyers without a documented 12-month rental history are still eligible subject to: <ul style="list-style-type: none"> ◦ DTI may not exceed 43% ◦ LTV may not exceed 80%
Gift Funds	<p>Eligible after minimum down payment has been made by the borrower from their own funds:</p> <ul style="list-style-type: none"> • Primary Residence and Second Home: 5% down payment is required before gift funds can be applied • Investment: 10% down payment is required before gift funds can be applied.

Derogatory Event Seasoning	BK/FC/SS/ DIL: >= 48 months
Housing Payment History	0x30x12
Income Requirements / Standard Doc	<ul style="list-style-type: none"> • Wage/Salary: Pay stubs, W-2 for 2 years • Self-Employed: 2 years of personal and Business Tax Returns, YTD P&L • Verbal Verification of Employment (VVOE) required within 10 days of the Note Date
Income Requirements Personal Bank Statements / Alt Doc	<ul style="list-style-type: none"> • 24 or 12 months of personal and 2 months of business bank statements required • Qualifying income is determined by the total eligible deposits from the 24 or 12-months of personal statements divided by the number of statements • The business bank statements must reflect business activity and transfers to the personal account • Pricing adjustments apply to 1 year documentation option
Income Requirements Business Bank Statements / Alt Doc	<ul style="list-style-type: none"> • 24 or 12-months of business bank statements required • Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> ◦ Fixed Expense Ratio (50%), or ◦ Expense ratio provided by a 3rd party (CPA or EA) with minimum ratio of 10%, or ◦ 3rd party prepared Profit & Loss Statement (CPA or EA). • Pricing adjustments apply to 1 year documentation option
Interest Only	Eligible <ul style="list-style-type: none"> • Minimum credit score 700 • Maximum LTV 80% • 30-year total loan term with qualification based upon a 20-year amortizing payment <ul style="list-style-type: none"> ◦ Fixed rate: Qualified at the Note rate ◦ ARM: Qualified at the higher of the fully indexed rate or the Note rate
Loan Amounts	<ul style="list-style-type: none"> • Minimum: \$150,000 • Maximum: \$2,500,000
Occupancy	<ul style="list-style-type: none"> • Primary • Second Home • Investment

Prepayment Penalty - Investment Property Only	<p>Where permitted by applicable laws and regulations on an investment property, a prepayment charge may be assessed in the period between one (1) and five (5) years following the execution date of the Note. The following structure is allowed:</p> <ul style="list-style-type: none"> • Six (6) months of interest <ul style="list-style-type: none"> ◦ The prepayment charge will be equal to six (6) months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in a given 12-month time period. <p>The following state restrictions apply:</p> <ul style="list-style-type: none"> • Penalties are not allowed in AK, KS, MI, MN, MS, NM, OH, and RI <ul style="list-style-type: none"> ◦ Only declining prepayment penalty structures are allowed in MS, and Cardinal does not offer this structure. • Penalties not allowed on loans vested to individuals in IL and NJ • Prepayment penalties are not allowed in the District of Columbia (DC), MD or LA if the business purpose is marked “no” inside the system of record • Penalties are not allowed on loan amounts less than \$319,777 in PA 								
Property Type	<p>Eligible</p> <ul style="list-style-type: none"> • Attached/Detached SFR: No restrictions • Condominium: Max LTV/CLTV 80% <ul style="list-style-type: none"> ◦ Refer to Condominiums guidelines for eligibility • Rural properties <ul style="list-style-type: none"> ◦ Max LTV/CLTV 80% Purchase, 75% Refinance <p>Not Eligible</p> <ul style="list-style-type: none"> • 2-4 Unit • Condotel • Condominium properties that do not meet Condominiums guidelines 								
Reserve Requirements	<table border="1"> <thead> <tr> <th colspan="2">Required PITIA Reserves</th></tr> </thead> <tbody> <tr> <td>LTV >85%</td><td>12 months</td></tr> <tr> <td>LTV <=85%</td><td>6 months</td></tr> <tr> <td>Loan Amount > \$1,500,000</td><td>9 months</td></tr> </tbody> </table> <ul style="list-style-type: none"> • Cash out may be used to satisfy this requirement <ul style="list-style-type: none"> ◦ Follow the guidance located in Reserves 	Required PITIA Reserves		LTV >85%	12 months	LTV <=85%	6 months	Loan Amount > \$1,500,000	9 months
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Residual Income	<p>Residual income is the amount of monthly income remaining once a borrower has paid all monthly debt obligations.</p> <p>Residual Income = Gross Monthly Income minus total monthly debt</p> <p>The Minimum Residual Income requirements are calculated using the table below. An additional \$250 is added for the first dependent and \$125 for each additional dependent. A dependent is any person other than the borrower or spouse in the household.</p> <table><tr><th>Occupancy</th><th>Maximum LTV</th><th>Minimum Residual Income</th></tr><tr><td>Primary</td><td>90%</td><td>\$2,500</td></tr><tr><td>Second Home</td><td>75%</td><td>\$2,500</td></tr></table>	Occupancy	Maximum LTV	Minimum Residual Income	Primary	90%	\$2,500	Second Home	75%	\$2,500
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Primary	90%	\$2,500								
Second Home	75%	\$2,500								
State Restrictions	<ul style="list-style-type: none">State Restriction for MD: Investor occupancy loans located in Baltimore City, MD are ineligibleIneligible locations: Puerto Rico, Guam, and the US Virgin IslandsIneligible: Loans meeting the New York Sub-Prime Definition									