

Synopsis

This product allows investors to qualify for the loan based on the subject property Debt Service Coverage Ratio (DSCR) rather than traditional income verifications and DTI calculations. This document is intended as a general guide, is not all inclusive, and provides basic product parameters. For items not otherwise addressed in this product description, refer to the PHH Selling Guide or FNMA guidelines, as applicable.

Key Attributes at a Glance

Income:	Debt Service Coverage Ratio used to qualify.
Occupancy:	Investment
Condo:	Warrantable (80%) and Non-Warrantable (75%)
Min/Max Loan Amt:	Non-Delegated: \$100k - \$3MM Delegated: \$100k - \$1MM
LTV Maximum:	80%
DSCR:	.80 (See Qualifying Ratios) 1.00
Non-QM:	All loans originated under this product are Non-QM
Sub Financing:	Not allowed
Prepayment Penalty:	May be required



Correspondents must receive prior approval to originate Non-Agency products. Please contact your Correspondent Specialist, Regional Sales Executive, or contact us via the support line at 1-800-929-4744 for additional information.

Loan-To-Value Grid

Products			
Description	Amortization Term	Interest Only Period	Product Code
Non-Agency Gold 30 Yr. Fixed – DSCR	360 months	N/A	DSCR30G
	360 months	120 months	DSCR30FRM_IOG
Non-Agency Gold 5/6 ARM – DSCR	360 months	N/A	DSCR56ARMG
	360 months	120 months	DSCR56ARM_IOG
Non-Agency Gold 7/6 ARM – DSCR	360 months	N/A	DSCR76ARMG
	360 months	120 months	DSCR76ARM_IOG

Occupancy	Loan Purpose	Loan Amount ¹	LTV/CLTV ²	Credit Score ³
Investment Property	Purchase & R/T Refi	\$3,000,000	70%	700
		\$2,000,000	75%	700
		\$1,500,000	80%	700
		\$1,500,000	75%	700
	Cash-Out Refi ⁴	\$3,000,000	65%	700
		\$1,500,000	75%	700

¹ Minimum loan amount: \$100,000

² Max LTV Limits:

- Non-Warrantable Condo – 75%
- Declining Markets – 5% LTV/CLTV reduction (see grid below)
- First Time Investors Limited to 75%
- Loan Amounts < \$150,000, Max 75% LTV
- Loans with 1x30x12 or Past Credit Events, Max 75% LTV

³ Interest Only:

Refer to the PHH Seller Guide for questions not addressed in this product description.



MORTGAGE

PHH Non-Agency Gold Investor DSCR Product Description

Correspondent Forward Lending

Revised: 5.29.2024

Effective: 5.29.2024

Min Credit Score is 700, DSCR < 1 not eligible

Max Loan Amount - \$3,000,000

Max LTV is 80%

⁴ Max Cash-Out by LTV: $\leq 65\% - \$3,000,000$ | $> 65\% - \$1,000,000$

Refer to the PHH Seller Guide for questions not addressed in this product description.

Disclaimer: Proprietary and Confidential. Copyright © 2022 PHH Mortgage Corporation. All rights reserved. Ocwen Financial Corporation, PHH Mortgage Corporation, the Ocwen Financial Corporation, and the PHH Mortgage Corporation logos are trademarks or registered trademarks of Ocwen Financial Corporation, Inc. and PHH Mortgage Corporation as subsidiary of Ocwen Financial Corporation, Inc.

Table of Contents

1. Appraisal
2. ARM Data
3. Assumability
4. Borrower Eligibility
5. Buydowns
6. Cash Out Refinance
7. Construction to Permanent Financing
8. Credit Considerations
9. Declining Markets
10. Down Payment / Source of Funds
11. Employment and Income
12. Escrow Waiver
13. Geographic Restrictions
14. Hazard Insurance
15. Ineligible Transactions
16. Interested Party Contributions
17. Loan to Value Calculation and Seasoning
18. Mortgage Insurance
19. Prepayment Penalties
20. Property Types & Features
21. Qualifying Ratios
22. Qualifying Rent Calculations
23. Reserves
24. Subordinate Financing
25. Underwriting and Closing

Refer to the PHH Seller Guide for questions not addressed in this product description.

Appraisal

- Appraisals must meet FNMA's appraisal standards, including Uniform Appraisal Data Set (UAD) specifications and field-specific requirements. Reduced appraisals are not allowed.
- All Appraisals must include COLOR photos.
- Properties in excess of the predominant value of the subject market area are acceptable if supported by similar comparables and represent the highest and best use of the land as improved.
- Transferred appraisals must be less than 60 days old (less than 120 days at closing) and ordered through an Appraisal Management Company.
- Loans > \$2 million or FSBO > 70% LTV/CLTV require 2 full appraisals, the lesser of which will be used for valuation
- An appraisal review report is required for loans with only one appraisal. If the review valuation is less than 90% of the appraised value, then the LTV will be calculated using the lower value. If one of the review report options listed below is not available, then a second full appraisal is required. Valuation review report options when the CU score is 2.5 or higher:
 - Collateral Desktop Analysis (CDA) or
 - Appraisal Risk Review (ARR) (from Pro Teck)
 - Similar Independent Vendor
- No CDA or ARR required if the CU score is less than 2.5

ARM Data

Index	30 Day Average SOFR (Secured Overnight Financing Rate)
Margin	6%
Floor	The margin is the floor
Conversion Option	Non-Convertible
Periodic and Life Cap	5/6 ARM: 2% initial cap, periodic cap is 1%, lifetime cap is 5% 7/6 ARM: 5% initial cap, periodic cap is 1%, lifetime cap is 5%
Interest Rate Change Date	Rate is fixed for 5 or 7 years and changes every six months thereafter
Interest Rate Calculation	For each interest rate adjustment date, the calculation is based on the index rate available plus the margin. The adjustment is equal to the relevant index plus the margin, rounded to the nearest 0.125%.
Payment Adjustment Date	Initial rate is fixed and adjusts to the index plus margin on the first rate change date, and every six months thereafter.
ARM Qualifying Rate	The minimum qualifying rate is the greater of note rate or the fully indexed rate rounded to the nearest 0.125%.

Assumability

Not assumable

Borrower Eligibility

Allowed

- U.S. Citizen
- Permanent Resident Alien
- Non-Permanent Resident Alien
- First Time Investors – Allowed with minimum 1.00 DSCR, 12 months reserves, verified 12-month housing payment history and Max 75% LTV.
- Experienced Investors – Proof of property ownership and/or management history for at least 1 year in the last 3 years is

Refer to the PHH Seller Guide for questions not addressed in this product description.

required.

- Trustees of living trusts
- Limited Liability Company (LLC Borrowing Certificated required when all owners/members are not on the loan)

Not Allowed

- Vesting in a life estate
- Foreign nationals with no residency status in the US
- Employees of originating lender
- ITIN Borrowers residing in the US
- First Time Homebuyers
- Any other borrower not specified above as an eligible borrower
- Trusts or business entities whose members include other LLCs, Corporations, Partnerships, or Trusts
- Trusts or business entities where a Power of Attorney is used
- Power of Attorney (POA)
- Non-arm’s length transactions
- Businesses or Persons whose income derives from the Cannabis Industry
- Persons from OFAC sanctioned countries: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-list-search-tool>

Multiple Financed Properties

- Unlimited
- Maximum exposure to PHH for one borrower is \$3MM or 10 loans
- DSCR < 1 is limited to \$2MM

Eligible Borrowers	Required Documents	Notes
Permanent Resident Aliens	Alien Registration Card I-551 with no expiration or accompanied by INS Form I-757 (if expiring within 6 months prior to closing proof of a filed form I-90 is required) OR Alien Registration Card I-551 with expiration and accompanied by INS Form I-751 (petition to remove conditions)	Front/Back Front/Back
Non-Permanent Aliens	Evidence of 24-month history of Employment in the U.S. AND Non-Immigrant VISA (Following are acceptable: E-Series, H-Series, Series L, O-Series, V Series, I, K-1, K-3, TN, P-1A ³) AND An EAD ⁴⁵ card for the following acceptable VISA Types: E-1, E-1D, E-2D, E-3D, H-4, K-1, K-3, L-2, V Series	Front/Back Front/Back
<ol style="list-style-type: none"> 1. Stamp must state the following: “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence, Valid until MM/DD/YYYY Employment Authorized.” 2. Employment Authorization Document must be issued by the U.S. Citizenship & Immigration Service providing authorization to work in the U.S. without restrictions. 3. An unexpired (at time of closing) Non-immigrant Visa with an Entry Stamp issued by the U.S. Department of State which will evidence legal entry into the U.S. for temporary residence. Visa expiring within 6 months of closing need USCIS Form 1-797 confirming submitted application to renew and copy of the employer’s letter of sponsorship for Visa renewal. 4. EAD’s must be unexpired at closing, if expiring within six months of the application the borrower must show evidence they have applied for an extension or provide letter from the employer indicating they will continue to sponsor their employment. 5. An EAD is only required to be provided if using income to qualify regardless of VISA type. 		

Refer to the PHH Seller Guide for questions not addressed in this product description.

Buydown

Not Allowed

Cash out Refinance

- Cash-out incidental Cash. If the net proceeds eligible for distribution to the borrower is equal to the lesser of 2% of the principal or 1% of the loan amount, then the transaction will not be considered a cash -out refinance.
- Borrower on Title. At least one of the borrowers must be on title.
- Net proceeds from a cash-out transaction may be used to meet the reserve requirements.
- A cash-out purpose letter is required.
- Sale Restriction – property must be removed from listing for at least 3 months prior to application.
- Properties listed for sale or purchased within the last 6 months prior to application (Note to Note), require a 5% reduction in LTV
- Properties that have been listed by the current owner within the last 6 months will have the LTV based on the lesser of the list price or the appraised value.
- LTV/CLTV Limit. If the subject property is owned for less than 6 months at the time of application (Note to Note), then the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value.
 - Proof of Improvements is required
 - Proof of Purchase Price is required as evidenced by the prior Closing Disclosure.
- No waiting period if the borrower acquired the property through an inheritance or was legally awarded the property through a divorce, separation, or dissolution of a domestic partnership.

Construction to Permanent Financing

Construction conversion refers to the replacement of interim construction financing with a long-term mortgage.

Construction conversion loans are not allowed.

Credit Considerations

Credit scores – A minimum of 2 credit scores are required to be provided and used to determine the qualifying credit score for loan approval. Methodology of which FICO score to use is as follows:

# of Borrowers	# of Scores per Borrower	Methodology
1	2 or 3	Lower of 2 or the Middle of 3 FICO scores
2 or more	2 or 3	<ul style="list-style-type: none"> • Determine the lowest score of each Borrower, lowest overall score of that result is used • If 2 of the 3 scores are identical, that score is used • If Borrower’s are 50/50 owners and income is equal, the higher middle score is used

Other credit requirements:

- The maximum age of the credit report is 120 days. The age of the document is measured from the date of the document to

Refer to the PHH Seller Guide for questions not addressed in this product description.

the date of the Note.

- Must document that all mortgages are current within 15 calendar days prior to the Note date.
- Minimum 12 months of housing payments required, with maximum delinquency of 1x30. A VOM/VOR is required for all the borrower’s outstanding mortgages or rent paid.
- Credit Inquiries in the last 90 days require a written explanation.
- Borrowers living rent free at their primary residence may be eligible if they live with a non-borrowing spouse – a rent free letter and evidence of acceptable 12 month housing payment history from the non-borrower spouse is required.
- Tradelines
 - 3 open and active for ≥ 12 months **OR**
 - 2 open and active for ≥ 24 months **OR**
 - Authorized User accounts may be counted toward the tradeline requirement when another borrower on the subject transaction is the owner of the tradeline, the borrower is an authorized user on a spouse’s tradeline, or when the borrower can provide proof, they are the actual and sole payer on the tradeline for the most recent 12 months.
- Bankruptcy, Foreclosure, Short Sale, or Deed-in Lieu significant derogatory credit events must be seasoned 36 months.
- Forbearance, deferred payments, or modifications – Not Allowed except for COVID which must be released and current.
- Open Judgements, Garnishments, or Liens – must be paid off prior to closing
- Credit Counseling – allowed with restrictions. Must have a minimum of 12 months elapsed on the plan. See PHH Selling Guide for additional requirements.
- Collection accounts and charge offs must be paid in some circumstances. Refer to the PHH Selling Guide.
- Past due accounts must be brought current
- A written explanation for credit inquiries is not required

Declining Markets

Declining Markets (applies to LTVs >65%)			
Property Value	Demand	Market Time	Reduction to LTV
Declining	Shortage or In Balance	Under 3 months	5%
Declining	Shortage	3-6 months	5%
Declining	In Balance	3+ months	5%
Declining	Over Supply	Over 6 months	5%

Down Payment / Source of Funds

- Borrower’s own funds of at least 10% must be verified before Gift funds may be used
- See PHH Selling Guide for list of eligible assets
- Gift funds – Purchase transactions only
 - Must be from a family member
 - Can be used to pay off debt
 - May not be counted towards reserves.
- Gift of Equity – not allowed
- Trade Equity – not allowed
- Down Payment Assistance, Employer Assistance and/or grant programs are not allowed

Refer to the PHH Seller Guide for questions not addressed in this product description.

Employment and Income

This product allows the borrower to qualify based on the Debt Service Coverage Ratio (DSCR) for the subject property.

- Employment and income are not required to be disclosed
- When not disclosed, enter “N/A to this loan” in the Employment field, and enter a secondary phone contact for the borrower in the business phone field.
- See Qualifying Ratios for Minimum DSCR Ratio and Calculation
 - The DSCR Ratio will be shown on the DSCR calculation worksheet and may also be entered on the notes section of the 1008.

Escrow Waiver

The following must be escrowed:

- Debt Consolidation Refinances
- Flood insurance must be escrowed
- Refinance where taxes show delinquent on title

Geographic Restrictions

All 50 states are eligible

Guam, US Virgin Islands and Puerto Rico – Not Permitted

Hazard Insurance

Deductibles:

Family residences. The higher of:

- \$1,000; or
- 5% of the face amount of the policy.
- If there is a separate wind-loss endorsement, then the deductible will increase to \$2,000 or 2% of the face amount of the policy.
- Condo and PUDs – The maximum deductible amount for policies covering the common elements must be no greater than 5% of the face amount of the policy
- For losses related to an individual unit in a PUD that is covered by a blanket policy; the maximum deductible is no greater than 5% of the face amount of the policy.
- For Condos with blanket insurance policies that cover both the individual units and the common elements, the maximum deductible amount related to the individual unit should be no greater than 5% of the replacement cost of the unit.

Other Requirements:

- Property Insurance Minimum Rating standards – Must meet Agency requirements
- A Loss Payable Endorsement is required on all loan transactions

Ineligible Transactions

- Assumable Loans
- Construction to Perm
- Temporary Buydowns
- Builder Bailout

Refer to the PHH Seller Guide for questions not addressed in this product description.

- Conversion Loans
- Lease Options/Rent to Own
- Non-Arm's Length Transactions
- Land Contracts
- Assignments of the contract to another buyer
- Properties that have been listed for sale within the past 6 months from the loan application date are not eligible for a rate/term refinance or cash-out transaction.
- No Graduated Payment Mortgage Loan
- Work escrows are not permitted
- No mortgage Loans financing builder inventory is permitted
- No Ground leases, No Buydown Mortgage Loans, No Pledged Asset Loan
- No Convertible Mortgage Loan- allows ARM to convert to a Fixed Rate Mortgage
- Periodic Payment- Loans must have periodic payments due and loans can't have more than 3 monthly payments paid in advance from the proceeds of the mortgage.
- Simple Interest Loans

Interested Party Contributions

- 3% regardless of LTV

Loan to Value Calculation and Seasoning

Declining Market: Properties that are in a declining market as designated by the appraiser may be subject to reductions in LTV/CLTV regardless of transaction type. See Declining Markets section.

Purchase:

- Calculate LTV/CLTV/HCLTV based on lesser of the purchase price or appraised value of the subject property.

Refinance, Rate/Term:

- If the borrower has less than six (6) months ownership in the property, the LTV for a refinance transaction is calculated on the lesser of the purchase price plus documented improvements, or the current appraised value. At least one borrower on the new loan must be an owner of the subject property at the time of the loan application.
- Property acquired through inheritance or legally awarded through a divorce, separation, or dissolution of a domestic partnership may use current appraised value.
- Properties listed for sale must be removed from the listing at least one month prior to the application date. LTV will be based on the lesser of the list price or appraised value when listed within the last 6 months by the current owner.
- If the borrower has owned the property for six (6) months, the LTV is based on the current appraised value.

Refinance, Cash-Out:

- Minimum of 180 days ownership prior to application date is required.
- The LTV for a Cash-Out Refinance transaction is calculated based on the current appraised value.
- At least one borrower on the new loan must be an owner of the subject property at the time of the loan application.

Delayed Financing: Borrowers who have purchased a subject property within the last 6 months from the disbursement date of the new mortgage are eligible to receive cash back with the loan priced and treated as a Rate/Term if the requirements below are met.

- Original appraisal cannot be used regardless of age
- The original purchase was an Arm's Length transaction
- No existing mortgage financing – documented with the settlement statement

Refer to the PHH Seller Guide for questions not addressed in this product description.

- Preliminary Title report confirms no existing liens on the subject property
- Loan amount may include the borrower's initial investment along with the financing costs, prepaids, and points on the new mortgage loan (subject to LTV and CLTV ratio's for cash-out based on current appraised value)
- If the Source of Funds used to acquire the property were unsecured or secured by an asset other than the subject property, then all cash out proceeds are to be used to pay off or pay down the loan used to purchase the property
 - Settlement statement for the refinance must reflect above
 - Payments remaining on the original loan(s) must be included in the DSCR ratio
 - Gifts used to purchase the property may not be reimbursed with proceeds from the refinance
 - All funds must be documented

Definitions

Rate/Term Refinance – The new loan amount is limited to the payoff of the present first lien mortgage, any seasoned non-first lien mortgages, closing costs, prepaid items, buying out a co-owner pursuant to an agreement, and court ordered buyout settlements. Cash-out to the borrower limited to the greater of \$2,000 or 1% of the loan amount.

- Prepayment fees may be included
- Closing costs must be reasonable and within market standards
- The maximum cash-out to the borrower reflects both cash in hand, the payoff of miscellaneous debts, and is net of fees and other related closing costs.

A seasoned non-first lien mortgage is either a purchase money mortgage or any other closed end or HELOC mortgage that has been in place for more than 12 months and has no draws greater than \$2,000 in the past 12 months. Withdrawal activity must be documented with a transaction history from the HELOC.

Cash-Out Refinance – Any transaction that does not qualify for a Limited Cash-Out Refinance is considered a Cash-Out Refinance.

Continuity of obligation is required for all refinance transactions.

Mortgage Insurance

Not Applicable.

Prepayment Penalties

Permitted on investment property loans only. PHH will not purchase loans with prepayment penalties in the following states. All other loans with a prepayment penalty must be in compliance with applicable federal and state laws.

- Alaska, Kansas, Maryland, Minnesota, New Mexico, North Dakota
- New Jersey prohibits to individual borrowers. Permitted to legal entities
- Ohio loan amounts \leq \$110,223 (for 2024) are not eligible, loan amounts $>$ \$110,223 allow a flat prepayment penalty up to 5 years and equal to 1% or less of the original principal amount
- Pennsylvania loan amounts $>$ \$312,159 (for 2024)
 - Loan amounts \leq \$312,159 are permitted on 3- or 4-unit properties
- Washington ARM loans. Permitted on Fixed rate loans
- Oregon – requires state specific disclosure in addition to the Note and SI Rider
- Michigan – 3-year prepayment penalty 1/1/1 % of amount of the prepayment
- Mississippi – 5-year maximum declining prepayment penalty structure is allowed
- Rhode Island – 1 year Prepayment Penalty, 2% of the balance due

Prepayment Structure – allowable 1-to-5-year prepayment types as permitted by applicable state and federal laws.

- 6 months interest allowed on amount of prepayment above 20% of the origination loan amount in any 12-month period.
- Step Down Prepay Structure or Flat Prepay Structure

Refer to the PHH Seller Guide for questions not addressed in this product description.

Property Types & Features

Allowed

- 1 Unit SFR, 1 Unit SFR w/ Accessory Unit, 2-4 Unit, Attached or Detached PUD
- Warrantable Condo
- Non-Warrantable Condo (see PHH Selling Guide)
- FNMA Eligible Leasehold
- Modular Homes (site assembled)
- Rural up to 20 acres
- 1031 exchange
- Delayed 1031 exchanges are allowed only for down payment and cash to close
- Leaseholds (in areas where Leaseholds are common)
- Property flips are subject to additional requirements (See PHH Selling Guide)

Not Allowed (list is not all-inclusive)

- Property occupied by the borrower or any relative of the borrower
- Property listed for sale at any time in the 180 days prior to loan application
- Property in foreclosure or which have an open redemption period
- Condotels
- NY CEMA
- Cooperatives
- Mobile or Manufactured Homes
- Properties > 10 acres
- Unique Property (Barndominiums, log homes, geodesic domes, etc.)
- Builder bailout
- Conversion loans
- Lease with option to buy / Rent-to-own
- Undeveloped land
- Tenancy in Common properties
- Properties with less than 500 square feet living space
- Completion escrows
- Timeshares
- Boarding houses
- Mixed Use
- C5 or C6 property condition grades
- Assisted Living
- Commercial Properties
- Working Farms
- Properties with values significantly in excess of the predominant value of the subject's market area may be ineligible

Qualifying Ratios

- DTI is not calculated for this product. Do not submit any ratios in DTI fields.
- Borrower qualifies using Debt Service Coverage Ratio (DSCR) for the subject property
- DSCR is .80 - 1%
 - Purchase/Rate & Term Max LTV is 75%, Cash out Max LTV is 70%

Refer to the PHH Seller Guide for questions not addressed in this product description.

- Minimum FICO - 720
- Max Loan Amount is \$1,500,000 for Cash Out transactions
- Max Cash Out LTV >= 65% is \$1,000,000
- DSCR = Gross Rental Income ÷ Qualifying Monthly Mortgage Payment (PITIA) or (ITIA for interest only loans)
 - If 3 months proof of receipt is obtained, the current lease amount may be used as Gross Rental Income. Otherwise, the Gross Rental Income must reflect the lesser of the current lease amount or the market rent on the 1007 completed by the appraiser.
 - When there is no existing lease, the gross rent indicated on the 1007 may be used.
 - If the current lease is higher than the amount provided on the 1007, PHH will allow the higher lease income with at least 3 months current proof of receipt of the higher rental income and the difference is not greater than 20%.

Qualifying Rent Calculations

On Purchase transactions, the qualifying rent figure will be the higher of the 1007 or the current lease provided the difference is not greater than 20%.

- If subject property leased on a short-term basis utilizing an on-line service such as Airbnb or VRBO, gross monthly rents can be determined by using a 12-month look back period; and either 12-monthly statements, or an annual statement provided by the on-line service to document receipt of rental income. In addition, a screen shot of the online listing must show the property is activity marketed as a short-term rental. A 5% LTV reduction required when using short term rental income to qualify.
- One unit properties with an Accessory Unit (ADU) may use rental income subject to the following:
 - Zoned legal
 - Permit is not required to establish zoning compliance
 - Appraisal must include at least one comparable with an Accessory Unit
 - Owner-Occupied/2nd Homes – income may not be used
 - Investment – use the lesser of the market rent or actual rent

On Refinance transactions, the qualifying rent figure will be the higher of the 1007 or the current lease provided the difference is not greater than 20%.

- For unleased property refinance transactions, there is no vacancy factor and the gross rents shown on the 1007 may be used.
- Leases are required to be no less than twelve (12) months but may convert to month-to-month upon expiration.
 - If subject property leased on a short-term basis utilizing an on-line service such as Airbnb or VRBO, gross monthly rents can be determined by using a 12-month look back period; and either 12-monthly statements, or an annual statement provided by the on-line service to document receipt of rental income. In addition, a screen shot of the online listing must show the property is activity marketed as a short-term rental. A 5% LTV reduction required when using short term rental income to qualify.
- One unit properties with an Accessory Unit (ADU) may use rental income subject to the following:
 - Zoned legal
 - Permit is not required to establish zoning compliance
 - Appraisal must include at least one comparable with an Accessory Unit
 - Market Rent for the unit should be documented on FNMA 1007 and must include a copy of the current lease with 2 months proof of receipt.

Refer to the PHH Seller Guide for questions not addressed in this product description.

Reserves

Assets for reserves must be seasoned for **30 days**. Any large deposits will need to be sourced. All unusual deposits must be explained, and the source must be documented.

Reserve Requirements		
Program	Loan Amount	**Months
Experienced Investor	<\$1,000,000	3 Months
	\$1,000,000 - \$1,500,000	6 Months
	>\$1,500,000	9 Months
First Time Investor	Any Loan Amount	12 Months

- Reserves are not stacked and the maximum number of reserves for any loan is 12 months.

Subordinate Financing

Not allowed

Underwriting and Closing

Loans are manually underwritten

- When paying off a private mortgage, a copy of the note and security instrument for the loan to be paid off is required.

Chain of Title

- Title policy must include a minimum of six months' history of property ownership from the effective date of the policy or preliminary report. All transfers of title within the last six-month period must be disclosed and fully investigated. Property flips are subject to additional restrictions.

Documents

- The following forms are required and can be found in the PHH Selling Guide.
 - Borrower Ability to Repay Attestation
 - Business Purpose & Occupancy Affidavit
 - Condo questionnaire (full)
 - Condo questionnaire (limited review)
 - DSCR calculation worksheet or other evidence to support the DSCR calculation

Other

- Rent loss insurance of 6 months PITIA is required
- OFAC and Watchlist – documentation to confirm borrowers, entities as borrower, sellers, realtors, settlement agent, appraiser and appraisal company should be provided.
- Property Taxes must be based on the value of the land and the total of all assessed improvements – new construction or full renovations must be based on the improvements and proposed taxes.
- An Underwriters detailed attestation regarding a borrower's ability to repay is acceptable in lieu of the Signed Borrower Ability to Pay Attestation form.

Refer to the PHH Seller Guide for questions not addressed in this product description.

Vesting

Ownership must be fee simple. Acceptable forms of vesting are:

- Individuals
- Joint tenants
- Tenants in Common
- Inter-Vivos Revocable Trust

Vesting is permitted in an Entity for Business Purpose Investment loans and 2nd home with the following requirements:

- Purpose and activities are limited to ownership and management of real property.
- Entity must be domiciled in a U.S. state.
- Business structure is limited to a maximum of (4) owners/members.
- Personal Guarantees must be provided by all owners/members of the Entity on the loan.
- Each Entity owner/member on the loan must sign the security instruments.
- Each Entity owner/member providing a Personal Guaranty must complete a Form 1003 or similar credit application indicating clearly that such document is being provided in the capacity of the guarantor. The application of each member/owner providing a Personal Guaranty and their credit score, and creditworthiness will also be used to determine qualification and pricing.

For each business type, the following documentation must be provided:

- Limited Liability Company (LLC)
 - Entity Articles of Organization, Partnership, and Operating Agreements as required
 - Tax Identification Number (Employer Identification Number – EIN) – In any case where a sole proprietor is using SSN in lieu of EIN, provide an UW cert or other supporting documentation
 - Certificate of Good Standing
 - Certificate of Authorization for the person executing all documents on behalf of the Entity
 - LLC Borrowing Certificate required when all owners/members are not on the loan
- Corporation
 - Filed Certificate/Articles of Incorporation (Including all Amendments)
 - By-Laws (including all Amendments)
 - Certificate of Good Standing (issued by the Secretary of State (SOS) where the business is incorporated)
 - Tax Identification Number (EIN) – In any case where a sole proprietor is using SSN in lieu of EIN, provide an UW cert or other supporting documentation
 - Borrowing Resolution/Corporate Resolution granting authority of signor to enter loan obligation
 - Receipt of current year franchise tax payment or clear search where applicable per State
- Partnership
 - Filed Partnership Certificate (if a general partnership, filing with the SOS may not be required)
 - Partnership Agreement (and all Amendments)
 - Certificate of Good Standing (issued by the Secretary of State (SOS) where the Partnership is registered)
 - Tax Identification Number (EIN)
 - Limited partner consent (where required by partnership agreement)
- All parties who take title to the subject property must sign the Security Instrument, all parties to the loan do not have to be on title.

Note: Preference is to use official documentation issued by a CPA, the State, or IRS to satisfy document requirements. Fillable PDF's or emails from borrower's are not sufficient.

Refer to the PHH Seller Guide for questions not addressed in this product description.