

FlexIQ Non-Agency Prohibited Exception List

At this time, PHH will not consider exceptions for the following:

General

- More than 2 exceptions on a file
- Second home/Investment non-arm's length transactions when borrower is the builder
- Builder buyer loans
- Escrow waiver when LTV > 80% or HPML or flood insurance
- Age of credit and collateral documents

Borrower

- Deferred Action status/ITIN/Foreign Nationals
- DSCR First Time Homebuyer

Eligibility

- DSCR < 0.80
- DSCR < 1.00 on a First Time Investor
- DSCR < 1.00 on an Interest Only loan
- DSCR < 1.00, unless you have investor approval or a lot of comp factors
- Short term rental DSCR < 1.00
- FICO < minimum for the program
- DTI > 50%
- Loan amounts less than minimum loan amount
- Loan amounts greater than \$500,000 above maximum and/or over \$3,000,000
- LTVs greater than program maximum
- To treat a loan as Full/Alt Income when the Asset Depletion is > 50% of the income
- Exceptions to use a specific product because pricing is better when the loan meets the guidelines of a different product

Income

- CPA/PTIN Verification always required
- P&L Only product: P&L completed by a PTIN
- Residual income below the minimum
- Self-employment history/new business less than 1 year
- 1099 income when the 1099 is made out to the borrower's business rather than the borrower
- More than 8 NSF's in the most recent year

Assets

- The use of gift of equity on an investment property
- Waiving more than three (3) months reserves for programs that require at least 12 months of reserves

Credit

- Significant Derogatory credit seasoning (BK/FCL/SS/DIL/NOD)
- More than 1x30x12 on housing history

Property

- Open Escrow Holdbacks (escrow holdback must be closed at the time of purchase)
- Not having a full kitchen (new construction with appliance hook-ups are acceptable)
- Manufactured homes or manufactured ADUs
- Mixed use properties
- Unique properties (log cabins, geodomes, barndominiums, padsplits, etc.)
- Properties that are < 500 square feet
- Condo projects with critical repairs
- More than 25 acres
- Waiving Rural restrictions when the appraisal indicates the property is Rural