

FlexIQ Non-Agency Full Doc & Alt Doc Product Description
Correspondent Forward Lending

Revised: 10.20.2025 Effective: 10.20.2025

 \bigwedge

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.

Summary

This product is designed for conforming or jumbo balance loans with alternative documentation types. Alternative Documentation may be used to determine qualifying income both alone and in conjunction with other documentation options.

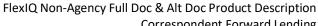
When more than one documentation option is utilized for qualifying, i.e. bank statements together with asset depletion, then the documentation option yielding the highest borrower income will be used to determine pricing. For items not otherwise addressed in this product description, refer to **PHH's FlexIQ Non-Agency Underwriting Standard**.

Income Types

Income Documentation options include the following:

- 1 & 2-Year Full Doc: 1 or 2 years of tax returns, OR Paystubs & most recent W-2, OR written VOE and paystub.
- **1 & 2-Year 1099**: Borrowers who are independent contractors, freelancers, or otherwise self-employed in the "gig economy" may qualify with 1099 statements in lieu of tax returns, to support their income. 10% expense ratio is required.
- 12 & 24 Month Bank Statement: Qualify using bank statements, in lieu of tax returns, to support self-employed income.
 - 2 Business Bank statement expense ratio options: 50% expense ratio and expense letter down to 20% ratio.
 - 2 Personal Bank statement options: Business distribution with no expense ratio and 50% expense ratio
- **Profit and Loss (P&L) Statement Only**: Qualify using a 12-month P&L Statement only. 2 months of business bank statements must be provided and support the P&L within a 20% variance.
- Written Verification of Employment Only: Qualify using a 2 year WVOE without a paystub or bank statement.
- Asset Depletion: Qualify using post-closing liquid assets over a 60-month period.
- **Asset Utilization**: Qualify using post-closing liquid assets. A DTI ratio is not calculated as no other income type is allowed.
- Additional Income: If the 1003 reflects additional income, such as alimony, child support or W-2 wages, that income may be considered per Fannie Mae guidelines.

| Products | | | | |
|--|-------------------|-------------------------|-----------------|--|
| Description | Amortization Term | Interest Only Period | Product Code | |
| PHH Non-Agency Full Doc 40 Yr. Fixed | 480 months | N/A | NAFULL40P | |
| PHH Non-Agency Full Doc 40 Yr. IO Fixed | 480 months | 10/30 | NAFULL40FRM_IOP | |
| PHH Non-Agency Full Doc 30 Yr. Fixed | 360 months | N/A | NAFULL30P | |
| PHH Non-Agency Full Doc 30 Yr. IO Fixed | 360 months | 10/20 | NAFULL30FRM_IOP | |
| PHH Non-Agency Full Doc 15 Yr. Fixed | 180 months | N/A | NAFULL15P | |
| PHH Non-Agency Alt Doc or Bank Stmt. 40 Yr. Fixed | 480 months | N/A | NAALT40P | |
| PHH Non-Agency Alt Doc or Bank Stmt. 40 Yr. IO Fixed | 480 months | 10/30 | NAALT40FRM_IOP | |
| PHH Non-Agency Alt Doc or Bank Stmt. 30 Yr. Fixed | 360 months | N/A | NAALT30P | |
| PHH Non-Agency Alt Doc or Bank Stmt. 30 Yr. IO Fixed | 360 months | 10/20 | NAALT30FRM_IOP | |
| PHH Non-Agency Alt Doc or Bank Stmt. 15 Yr. Fixed | 180 months | N/A | NAALT15P | |



Correspondent Forward Lending Revised: 10.20.2025

Revised: 10.20.2025 Effective: 10.20.2025



| | | Primary Residence | | Second Home | | Investment | |
|-------------|----------------------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Loan | Credit | Full/Alt | Full/Alt Doc Full/Alt Doc | | Full/Alt Doc | | |
| Amount | Score ^{1,3} | Purchase, R/T Refi ^{1,3} | Cash-Out Refi ^{1,2,3} | Purchase, R/T Refi ^{1,3} | Cash-Out Refi ^{1,2,3} | Purchase, R/T Refi ^{1,3} | Cash-Out Refi ^{1,2,3} |
| | 700 | 90% | 80% | 85% | 80% | 80% | 75% |
| \$1,000,000 | 680 | 85% | 75% | 85% | 75% | 80% | 75% |
| | 660 | 80% | 75% | 80% | 70% | 80% | 70% |
| | 640 | 65% | N/A | N/A | N/A | N/A | N/A |
| | 700 | 85% | 80% | 85% | 80% | 80% | 75% |
| \$1,500,000 | 680 | 85% | 75% | 80% | 75% | 80% | 75% |
| | 660 | 80% | 75% | 75% | 70% | 75% | 70% |
| \$2,000,000 | 700 | 85% | 80% | 80% | 75% | 80% | 75% |
| | 680 | 85% | 75% | 80% | 75% | 80% | 75% |
| | 660 | 80% | 70% | 75% | 70% | 75% | 70% |
| | 720 | 80% | 75% | 80% | 70% | 80% | 70% |
| \$2,500,000 | 700 | 80% | 75% | 75% | 65% | 75% | 65% |
| | 680 | 80% | 75% | 75% | 65% | 75% | 65% |
| | 660 | 70% | N/A | 65% | N/A | 65% | N/A |
| \$3,000,000 | 720 | 80% | 70% | 70% | 60% | 70% | 60% |
| | 700 | 80% | 65% | 70% | 60% | 70% | 60% |
| | 680 | 70% | 65% | N/A | N/A | N/A | N/A |

¹ Max LTV/CLTV Limits:

- Max 50% DTI. DTI > 45% Max 85% LTV/CLTV
- Asset Depletion & Asset Utilization: Min 660 FICO, Max 80% LTV/CLTV. Investment not allowed. Cash out not allowed.
- P&L only: Min 660 FICO, Max 80% LTV/CLTV.
- WVOE: Primary only, Min 680 FICO, no gifts, 0x30x24
 - Purch, R/T Max 80% LTV/CLTV | If FICO < 720, Max 75% LTV/CLTV
 - o C/O Max 70% LTV/CLTV
 - o FTHB Max 70% LTV/CLTV, Max DTI 45%
- Loans with 1x30x12: Max 80% LTV/CLTV
- First Time Homebuyer: Min 680 FICO, Max 85% LTV/CLTV
- Warrantable Attached Condo: Max 85% LTV/CLTV
- Non-Warrantable Attached Condo: Max 80% LTV/CLTV
- 2-4 Units: Max 80% LTV/CLTV
- Rural Properties: Primary Max 75% LTV/CLTV, 2nd Home Max 70% LTV/CLTV, Investment not allowed
- Declining Market: 5% LTV reduction from the max LTV/CLTV for the transaction and occupancy type

 $^{^2}$ Max Cash in hand: LTV/CLTV: \leq 65% – Unlimited | > 65% – \$750,000

³ Interest Only: Min 700 FICO, Max 85% LTV/CLTV. Subordinate financing is not allowed.

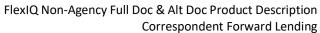


Correspondent Forward Lending

Flexio

Revised: 10.20.2025 Effective: 10.20.2025

| (Refe | Product Overview or to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements.) |
|----------------------------|--|
| Amortization Type | Full Principal and Interest: 15 yr, 30yr, 40 yr |
| | Interest Only: 30yr, 40 yr |
| Appraisal | One appraisal is required for loan amounts ≤ \$2,000,000. |
| Requirement | Two appraisals are required for loan amounts > \$2,000,000. |
| | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional collateral requirements. |
| Borrower Eligibility | Eligible: |
| | U.S. Citizen |
| | Permanent Resident Alien |
| | Non-Permanent Resident Alien |
| | First Time Homebuyers – Primary Residence or 2 nd Home only. Refer to the <u>LTV/CLTV</u> |
| | footnotes above for additional requirements. |
| | Non-occupant co-borrower (not allowed on Asset Depletion and Asset Utilization) Intervivos Revocable trusts |
| | Non-arm's length transactions – Primary residence only |
| | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements. |
| Credit/Payment | A minimum of 2 credit scores are required. |
| History | No Derogatory Credit Event allowed within the last 48 months. |
| Requirements | Payment history requirements: 1x30x12 mortgage/rental history on the subject property |
| | and all financed REOs under the borrower's name. Refer to the LTV/CLTV footnotes above |
| | for additional requirements. |
| | Non-traditional credit report is not permitted. |
| Caagraphia | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements. |
| Geographic Restrictions | Properties must be located in one of the 50 United States. Hawaii is only allowed in Delegated Correspondent. |
| Restrictions | The following locations are not permitted: |
| | Guam, US Virgin Islands and Puerto Rico. |
| | Baltimore city, M.D. |
| | Bergen County, N.J. |
| | • Essex County, N.J. |
| | Brooklyn, N.Y. |
| | Orange County, N.Y. |
| | Rockland County, N.Y. |
| Impound/Escrow | Escrow funds/impound accounts may be waived for taxes and hazard insurance on non HPML |
| Accounts | transaction loans if all of the following requirements are met: |
| | • FICO > 700 and |
| | At least twelve months reserves (cash out proceeds allowed) are documented and |
| | Max 80% LTV/CLTV; In California, max 90% LTV/CLTV |
| | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements. |
| Lien Position | First |
| Minimum Loan | Minimum \$100,000 |
| Amount | |
| Number of | Maximum 20 financed properties. |
| Financed Properties | Maximum exposure to PHH for one borrower is \$5,000,000 or 10 loans Refer to PHH's Florida Non-Agency Undergrifting Standard for additional requirements. |
| | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements. |



Revised: 10.20.2025 Effective: 10.20.2025

| ex | |
|----|--|
| CV | |

| Occupancy | Primary Residence | | |
|-------------------|--|--|--|
| | Second Home | | |
| | Investment Property | | |
| Prepayment | Allowed on Investment Property transactions, which are treated as Business Purpose loans. May be | | |
| Penalty | subject to up to a five-year prepayment penalty or the maximum permitted by state law, whichever | | |
| | is lower. Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements. | | |
| Property Types | Eligible: | | |
| | 1-4 unit (Detached, Semi Detached, Attached) | | |
| | PUD (Detached, Attached) | | |
| | Warrantable Condominium (Detached, Attached). | | |
| | Non-Warrantable Condominium, excluding Condotels. | | |
| | Max 20 acres | | |
| | Rural properties. | | |
| | Refer to the <u>LTV/CLTV footnotes</u> above for additional requirements. | | |
| | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements. | | |
| Reserve | Reserve requirements are based on the PITIA/ITIA of the subject property. | | |
| Requirements | Loan amount < \$500,000: 3 months reserves | | |
| | Loan amount <u>></u> \$500,001 - \$1,000,000: 6 months reserves | | |
| | Loan amount > \$1,000,001 - \$2,000,000: 9 months reserves | | |
| | Loan amount > \$2,000,001 - \$3,000,000: 12 months reserves | | |
| | Cash-out funds are allowed to be used as reserves regardless of LTV. | | |
| | If qualifying using Asset Utilization, the above reserve requirements are not required in | | |
| | addition to the post-closing liquid assets. | | |
| Secondary | New subordinate financing is allowed on primary purchase transactions only. | | |
| Financing | Existing subordinate financing is allowed on refinance transactions and must be | | |
| | subordinated to the subject loan and recorded. | | |
| | Not allowed on interest only. | | |
| | Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional details. | | |
| Transaction Types | Eligible: | | |
| | Purchase | | |
| | Rate/Term Refinance | | |
| | Delayed Financing as a Rate/Term transaction | | |
| | Cash Out Refinance | | |
| | For properties recently listed for sale restrictions and other transaction type requirements, refer to | | |
| | PHH's FlexIQ Non-Agency Underwriting Standard for additional details. | | |
| Underwriting | Manual underwriting required. AUS not allowed. | | |