⚠ 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 alternative documentation income is used in conjunction with full documentation income qualification, alternative documentation pricing and qualification must be used. When more than one alternative documentation option is utilized for qualifying, i.e. bank statements together with asset depletion, then the alternative 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	360 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	240 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	360 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	240 months	10/20	NAALT30FRM_IOP
PHH Non-Agency Alt Doc or Bank Stmt. 15 Yr. Fixed	180 months	N/A	NAALT15P

Loan-To-Value Grids

Loan Amount	Credit Score[1,3]	Primary Residence		Second Home		Investment	
		Full/Alt Doc		Full/Alt Doc		Full/Alt Doc	
		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]
$1,000,000	700	90%	80%	85%	80%	80%	75%
	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
$1,500,000	700	85%	80%	85%	80%	80%	75%
	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%
$2,500,000	720	80%	75%	80%	70%	80%	70%
	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
    - C/O Max 70% LTV/CLTV
    - 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, Investment Property not allowed
- 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
- Non-Occupant Co-Borrowers: one of the following must be met 1) Occupying borrower must have a DTI of 60% or less on their own OR 2) Max 45% combined DTI and Max 80% LTV/CLTV

[2] Max Cash in hand: LTV/CLTV: ≤ 65% – Unlimited | > 65% – $750,000

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

Product Overview (Refer 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 Requirement	• One appraisal is required for loan amounts < $2,000,000. • 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 2nd Home only. Refer to the LTV/CLTV 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 History Requirements	• A minimum of 2 credit scores are required. • No Derogatory Credit Event allowed within the last 48 months. • 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. 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. The following locations are not permitted for investment properties: • Baltimore city, M.D. • Brooklyn, N.Y. The Seller is required, in the following geographic locations, to include a Collateral Desktop Analysis (CDA) from Clear Capital in their closed loan package, regardless of the CU score, and is subject to an additional review by PHH. The appraisal and CDA value must meet the appraisal valuation requirements addressed in the Underwriting Standards. • Bergen County, N.J. • Essex County, N.J. • Orange County, N.Y. • Rockland County, N.Y. The following locations are not permitted: • Guam, US Virgin Islands and Puerto Rico.
Impound/Escrow Accounts	Escrow funds/impound accounts may be waived for taxes and hazard insurance on non HPML 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 Amount	Minimum $100,000
Number of Financed Properties	• Maximum 20 financed properties. • Maximum exposure to PHH for one borrower is $5,000,000 or 10 loans Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements.
Occupancy	• Primary Residence • Second Home • Investment Property
Prepayment Penalty	Allowed on Investment Property transactions, which are treated as Business Purpose loans. May be 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 LTV/CLTV footnotes above for additional requirements. Refer to PHH's FlexIQ Non-Agency Underwriting Standard for additional requirements.
Reserve Requirements	Reserve requirements are based on the PITIA/ITIA of the subject property. • Loan amount < $500,000: 3 months reserves • Loan amount ≥ $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 Financing	• New subordinate financing is allowed on primary purchase transactions only. • 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 Cash-out transaction • Cash Out Refinance **Ineligible:** • Builder buyer/bailout transactions (builder is buying from their own inventory) • CEMA transactions • Conversion Loans • Graduated Payment Mortgage Loans • Ground leases

	• Interim Construction • Lease Options/Rent to Own • Periodic Payment – Loans must have periodic payments due and loans cannot have more than 3 monthly payments paid in advance from the proceeds of the mortgage loan. • Purchase contract assignments to another buyer • Simple Interest Loans • Temporary Buydowns • Texas 50(a)(6) Loans • Texas 50(a)(4) Loans 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.