FlexIQ Non-Agency Prohibited Exception List

At this time, Onity Mortgage Corporation, f/k/a PHH Mortgage Corporation, will not consider exceptions for the following:

General

- More than 2 exceptions on a file
- Second home/investment non-arm's length transactions when the borrower is the builder, or has a relationship or business affiliation with the builder, developer or seller
- Builder buyer/bailout loans
- Escrow waiver when LTV > 80% (90% in California), HPML, or flood insurance
- Age of credit, income, asset and collateral documents

Borrower

- Deferred Action status/ITIN/Foreign Nationals (not eligible under FlexIQ)
- DSCR or investment property loan where all borrowers are First Time Homebuyers
- Owner occupancy of a Business Purpose Loan property (more than 14 days in the coming year)
- Entity vesting on a primary residence, second home, or consumer purpose loan

Eligibility

- DSCR < 0.75
- DSCR < 1.00 on a First Time Investor
- FICO < minimum for the program
- DTI > 55%, or DTI > 50% outside the Standard's conditions (primary residence, 700 FICO, 80% LTV/CLTV, 6 months reserves, 1.5x residual income)
- 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
- Qualifying or pricing a combination file to a documentation type other than the one supporting the largest share of income
- Exceptions to use a specific product because pricing is better when the loan meets the guidelines of a different product

Income

- Tax professional credential verification (CPA/EA/CTEC/tax attorney/licensed preparer with PTIN) always required
- P&L product: P&L or expense statement completed by a preparer holding only 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 NSFs in the most recent year
- Rental income from an unpermitted ADU

Assets

- The use of gift of equity on an investment property or second home
- Gift funds on a DSCR loan other than a purchase with a minimum 1.00 DSCR
- 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, or any 30-day late where the program requires 0x30x12

Property

- ☐ Open Escrow Holdbacks at the time of purchase (escrow holdback must be closed at the time of purchase; not permitted on Non-Delegated loans)
- ☐ Not having a full kitchen with stove and oven (new construction with appliance hook-ups is acceptable; cooktop only is not)
- ☐ Manufactured homes or manufactured ADUs
- ☐ Mixed use properties
- ☐ Unique properties (log cabins, geodomes, barndominiums, earth-sheltered or berm homes, padsplits, properties with no comparable sales, etc.)
- ☐ Properties below the minimum living area (< 500 square feet single family or condo; < 400 square feet per unit on 2-4 units)
- ☐ Condo projects with critical repairs, an evacuation order, or structural litigation
- ☐ More than 20 acres (more than 5 acres on DSCR)
- ☐ Waiving Rural restrictions when the appraisal indicates the property is Rural
- ☐ Properties with more than two ADUs, an ADU on a 2-4 unit property, or an ADU not allowed by local zoning