ONITY FlexIQ

FlexIQ Non-Agency Full Doc and Alt Doc Program Matrix

Correspondent Lending | Onity Mortgage Corporation, f/k/a PHH Mortgage Corporation
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Eligibility Matrix

Loan Amount	Credit Score (1,3)	Primary Purchase, Rate Term Refinance (1,3)	Primary Cash-Out (1,2,3)	Second Home Purchase, Rate Term Refinance (1,3)	Second Home Cash-Out (1,2,3)	Investment Purchase, Rate Term Refinance (1,3)	Investment Cash-Out (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.
- DTI 50.01% to 55%: primary residence only, min 700 FICO, max 80% LTV/CLTV, min 6 months reserves, residual income 1.5x, not available where any borrower is a First Time Homebuyer; Full Documentation (including 1099) and 12 or 24 month personal or business bank statements only (Standard 7.1).
- Asset Depletion: min 660 FICO, max 80% LTV/CLTV; eligible on all occupancies and on purchase, rate term and cash-out (Standard 8.5.1). Asset Utilization: min 660 FICO, max 80% LTV/CLTV; eligible on all occupancies; purchase and rate term only, cash-out not permitted (Standard 8.5.2).
- P&L Only: min 660 FICO, max 80% LTV/CLTV, max $3,000,000. Gift funds per Section 6.6 of the Standard.
- WVOE: primary only, min 680 FICO, no gifts, 0x30x24. Purchase and Rate Term max 80% LTV/CLTV (75% if FICO < 720); Cash-Out 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. FTHB requirements apply only when every borrower is a First Time Homebuyer (Standard 4.5), except that the 55% DTI band is not available where any borrower is a First Time Homebuyer (Standard 7.1).
- 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 residence max 80% LTV/CLTV, second home max 75% LTV/CLTV, investment not allowed; max 20 acres (Standard 9.1.4 and 9.1.5; within the grid maximums).
- Declining market: 5% LTV reduction from the max LTV/CLTV for the transaction and occupancy type; no reduction where the LTV/CLTV is 65% or lower (Standard 9.3).
- Properties listed for sale in the prior six months: cash-out LTV/CLTV reduced 5% and value is the lesser of the list price or appraised value (Standard 3.5).
- Non-occupant co-borrowers: primary residence only, 1 unit only, purchase, Rate Term and Cash-Out Refinance (Cash-Out: max LTV/CLTV reduced 5% and the occupying borrower must contribute qualifying income); not allowed on Asset Depletion or Asset Utilization. Either the occupying borrower has a DTI of 60% or less on their own, or max 45% combined DTI and max 80% LTV/CLTV.
- Interested party contributions: primary and second home 9% at or below 75% LTV/CLTV, 6% above 75%; investment 6% (Standard 3.8).

2. Max cash in hand

- LTV/CLTV 65% or below: unlimited. Above 65%: $750,000.

3. Interest Only

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

Topic Index

1. Product Description
2. Loan Terms
3. Loan Products
4. Interest Only
5. Prepayment Penalty
6. Tradeline Requirements
7. Non-Traditional Credit
8. Temporary Buydown
9. Ability to Repay and HPML
10. Underwriting
11. Exceptions
12. Minimum Loan Amount
13. Maximum Cash Out
14. Qualifying Ratios
15. Types of Financing
16. Incidental Cash Back
17. Texas Owner-Occupied Properties
18. Properties Listed for Sale
19. Non-Arm's Length Transactions
20. Property Flipping
21. Eligible Subordinate Financing
22. Ineligible Subordinate Financing
23. Ineligible Transactions
24. Occupancy
25. Eligible Property Types
26. Ineligible Property Types
27. Condominium Projects
28. Acreage, Rural and Agricultural Properties
29. State Restrictions
30. Geographic Restrictions
31. Eligible Borrowers
32. Ineligible Borrowers
33. First Time Homebuyer (FTHB)
34. Non-Occupant Co-Borrower
35. Vesting
36. Power of Attorney
37. Credit Score
38. Housing Payment History
39. Significant Derogatory Credit
40. Derogatory Credit and Collections
41. Income Documentation Options
42. Full Documentation: Wage Earner
43. Full Documentation: Self-Employed
44. Bank Statement Requirements
45. Business Bank Statements
46. Personal Bank Statements
47. Profit and Loss Only
48. IRS Form 1099
49. Written Verification of Employment
50. Asset Depletion
51. Asset Utilization
52. Rental Income
53. IRS Form 4506-C and Tax Transcripts
54. Assets
55. Gift Funds
56. Large Deposits
57. Ineligible Assets
58. Cryptocurrency
59. Interested Party Contributions
60. Reserves
61. Number of Financed Properties
62. Maximum Onity Exposure
63. Maximum Condominium Exposure
64. Rapid Acquisition
65. Appraisals
66. Declining Markets
67. Escrow Holdbacks
68. Escrow Waivers
69. Mortgage Insurance
70. Disaster Areas
71. Property Insurance, Title and Taxes
72. Revision History

Information is accurate as of the date of publishing and is subject to change without notice. These guidelines apply to FlexIQ Non-Agency loans purchased by Onity Mortgage Corporation, f/k/a PHH Mortgage Corporation. For items not addressed, refer to the FlexIQ Non-Agency Underwriting Standard. Printed copies may not be current.

Program Guidelines

Section references in the Guidelines column are to the FlexIQ Non-Agency Underwriting Standard, Version 1.1.

Product Highlights

Topic	Guidelines
1. Product Description Back to Top	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, alternative documentation pricing and qualification must be used. When more than one alternative documentation option is used, the option yielding the highest borrower income determines pricing and eligibility. Where this Program Matrix is silent, refer to the Onity Mortgage Corporation, f/k/a PHH Mortgage Corporation FlexIQ Non-Agency Underwriting Standard, Version 1.1. Where the Standard is silent, Fannie Mae guidelines apply.
2. Loan Terms Back to Top	• 15, 30 and 40 year Fixed Rate, fully amortizing • 30 year Fixed Rate Interest Only: 10 year interest only period, 20 year amortization period • 40 year Fixed Rate Interest Only: 10 year interest only period, 30 year amortization period • Fixed rate loans are not assumable • Lien position: First
3. Loan Products Back to Top	See table below Correspondents must receive prior approval to originate Non-Agency products.
4. Interest Only Back to Top	• Minimum 700 credit score; maximum 85% LTV/CLTV • Subordinate financing is not permitted with an Interest Only first lien • Qualifying ratios are based on the fully amortizing payment over the term remaining after the interest only period ends • Reserves are calculated on the interest only payment plus taxes, insurance and association dues (ITIA) • Not permitted on Texas 50(a)(6) transactions
5. Prepayment Penalty Back to Top	• Permitted on investment property loans only, subject to applicable federal and state law. Not permitted on primary residence or second home transactions, or on an HPML. • Maximum term 5 years. Disclosed in the Note or a Note addendum, with a separate prepayment penalty rider to the security instrument. • Eligible structures: six months of interest on the amount prepaid exceeding 20% of the original principal balance; step down (5/4/3/2/1, 4/3/2/1, 3/2/1, 2/1, or 1 year at 2%); flat 2% to 5% for the term. **State restrictions** • Not permitted: Alaska, Kansas, Maryland, Minnesota, New Mexico, North Dakota • Illinois and New Jersey: permitted only when vesting is an S or C corporation; not permitted on individuals, LLCs, LLPs, trusts or other entities. Illinois natural persons: not permitted when the APR is greater than 8%. • Michigan: flat 1%/1%/1% for 3 years. Mississippi: declining structure only, maximum 5%/4%/3%/2%/1%. Rhode Island: flat 2% for 1 year. • Ohio: flat, up to 5 years, 1% or less of original principal; loan amount must exceed $116,356 (2026) except on 3-4 units. Pennsylvania: loan amount must exceed $319,777 (2026) except on 3-4 units. • Oregon: state-specific disclosure required. Washington: fixed rate loans only. *Refer to Section 2.5 of the FlexIQ Non-Agency Underwriting Standard.*
6. Tradeline Requirements Back to Top	A borrower with three credit scores reporting has met the tradeline requirement, unless the only tradelines present are authorized user accounts. A borrower with fewer than three scores must meet one of the following:

Product Code	Product Description	Amortization Term	Interest Only Period
NAFULL40P	Non-Agency Full Doc 40 Yr. Fixed	480 months	N/A
NAFULL40FRM_IOP	Non-Agency Full Doc 40 Yr. IO Fixed	360 months	10/30
NAFULL30P	Non-Agency Full Doc 30 Yr. Fixed	360 months	N/A
NAFULL30FRM_IOP	Non-Agency Full Doc 30 Yr. IO Fixed	240 months	10/20
NAFULL15P	Non-Agency Full Doc 15 Yr. Fixed	180 months	N/A
NAALT40P	Non-Agency Alt Doc or Bank Stmt. 40 Yr. Fixed	480 months	N/A
NAALT40FRM_IOP	Non-Agency Alt Doc or Bank Stmt. 40 Yr. IO Fixed	360 months	10/30
NAALT30P	Non-Agency Alt Doc or Bank Stmt. 30 Yr. Fixed	360 months	N/A
NAALT30FRM_IOP	Non-Agency Alt Doc or Bank Stmt. 30 Yr. IO Fixed	240 months	10/20
NAALT15P	Non-Agency Alt Doc or Bank Stmt. 15 Yr. Fixed	180 months	N/A

Product Highlights

Topic	Guidelines

Option	Tradelines	Reporting Period	Additional Requirement
1	Three (3) current	At least 12 months	At least one currently open and active
2	Two (2) current	At least 24 months	At least one currently open and active
4	Eight (8) or more reporting	Credit history of at least 8 years	One must be a mortgage or a documented rental history; at least one tradeline open and reporting 12 months; minimum two credit scores; student loans in repayment and not deferred may be counted

- Each borrower contributing income to qualify must meet the requirement. Option 3 (combined basis between borrowers) is available on DSCR only.
- Current housing not reporting on credit may count as an open tradeline where supported by bank records or a verification. Deferred, authorized user, collection, charge-off and bankruptcy-discharged accounts, and mortgages ended by foreclosure, deed-in-lieu, short sale or pre-foreclosure sale, do not count. Other tradelines with derogatory history may count.

7. Non-Traditional Credit
Back to Top

Not permitted.

8. Temporary Buydown
Back to Top

Not permitted. Temporary interest rate buydowns are an ineligible transaction.

9. Ability to Repay and HPML
Back to Top

- All loans are structured as Non-QM. All consumer purpose (covered) loans must satisfy the Ability to Repay standard of Regulation Z, Section 1026.43(c). Federal, state and local high-cost loans are not permitted.
- HPML transactions are permitted. A loan is an HPML where the APR exceeds APOR by 1.5 points or more (conforming) or 2.5 points or more (non-conforming) on a primary residence.
- Every HPML requires: an escrow account for property taxes, hazard insurance, and flood insurance where required, maintained at least five years; a full interior and exterior appraisal, with a free copy to the borrower at least 3 business days before consummation; a second appraisal on a flip meeting Section 3.1.2.2; residual income; and no prepayment penalty.
- The Borrower Ability to Repay Attestation (Exhibit 12.7) or the underwriter's detailed ATR attestation is required.
- Business Purpose Loans (investment property meeting Section 1.5.1) are not subject to ATR or TRID disclosure requirements.

Refer to Section 1.5 of the FlexIQ Non-Agency Underwriting Standard.

10. Underwriting
Back to Top

- All loans must be manually underwritten; AUS is not permitted as the basis of the credit decision. The Form 1008, the underwriting approval document, or a separate certification must certify that the loan does not qualify for delivery to the agencies and state the reason a Non-Agency product was chosen. Delegated Correspondent Sellers underwrite to this Program Matrix and the Standard and deliver the closed loan for purchase review.
- Non-Delegated Correspondent Sellers submit the loan to Onity Mortgage Corporation for the credit decision. Onity purchases at closing; escrow holdbacks are not permitted.
- All loans must meet the guidelines published as of the lock date on Delegated and Non-Delegated loans. Delegated loans must be locked before the closed loan is submitted. Relocked loans meet the guidelines in effect on the relock date. A cancelled or withdrawn loan is not guideline protected; a reinstated loan is subject to the guidelines in effect at re-registration.
- Fraud and data check with OFAC screening is required on every loan; the findings report must be in the file and all alerts resolved.

Representations and warranties are governed by the Correspondent Seller Guide, Section 2.9.1, and the Non-Agency Addendum, Section A2.2. Refer to Section 1 of the FlexIQ Non-Agency Underwriting Standard.

11. Exceptions
Back to Top

- Exceptions are reviewed case by case and must show strong compensating factors. Exceptions are submitted through the Non-Agency Deal Desk (Exception Request Form, Exhibit 12.10, or a similar form).
- Factors considered strong: credit score at least 20 points above requirement; LTV at least 5 points below maximum; reserves at least 6 months above requirement; DTI at least 5 points below maximum; residual income at least 2 times the minimum, or stable ancillary income not used for qualifying; DSCR at least 0.25 above requirement; housing history at least 12 months above requirement; decreasing PITIA; more than 5 years with current employer; more than 5 years of investor experience.

Product Highlights	
Topic	**Guidelines**
	• There is no separate payment shock test. A loan may not be declined on payment shock alone.
12. Minimum Loan Amount Back to Top	$100,000
13. Maximum Cash Out Back to Top	• LTV/CLTV 65% or below: unlimited. LTV/CLTV above 65%: $750,000. • Cash in hand is the cash to borrower on the final Closing Disclosure after all debts are paid, and must be wired to a U.S. bank account. On a Business Purpose Loan, proceeds must be used for business purposes only and a signed borrower letter stating the intended use of the cash-out proceeds is required. • At least one borrower must have been on title at application. At least one borrower must have owned the property six months or more at the note date, except as listed below; LTV/CLTV is based on the appraised value. • Six month seasoning does not apply to inherited or legally awarded property, or a buyout of a co-owner under a legal agreement. Existing subordinate liens of any age may be paid off. • If the prior transaction was a cash out refinance, the existing first mortgage must be at least six months old, note date to note date. • Power of Attorney is not permitted. *Refer to Section 3.4 of the FlexIQ Non-Agency Underwriting Standard.*
14. Qualifying Ratios Back to Top	• Maximum DTI 50%. DTI above 45%: maximum 85% LTV/CLTV. • DTI 50.01% to 55%: primary residence only; minimum 700 credit score; maximum 80% LTV/CLTV; minimum 6 months reserves; residual income 1.5 times the minimum; not available where any borrower is a First Time Homebuyer; Full Documentation (including 1099) and 12 or 24 month Bank Statement only. • Residual income is required when the loan is an HPML or the DTI exceeds 43%: minimum $2,000 per month regardless of household size. Residual income equals total monthly qualifying income less total monthly debt including the subject PITIA. • Asset Utilization does not calculate a DTI. *Refer to Section 7.1 of the FlexIQ Non-Agency Underwriting Standard.*
15. Types of Financing Back to Top	• Purchase • Rate Term Refinance: payoff of the first lien (including a HELOC), purchase money subordinate liens, closing costs and prepayment penalties. At least one borrower must be vested in title at application. No seasoning. Incidental cash back: refer to Incidental Cash Back. • Rate Term payoff of a non-purchase money subordinate lien: lien seasoned 6 months, note date to note date, and HELOC draws in the prior 12 months do not exceed $2,000 in aggregate. Otherwise the transaction is a Cash-Out Refinance. On a Business Purpose Loan, the payoff must also meet the business purpose requirements of Section 1.5.1. • Cash-Out Refinance: refer to Maximum Cash Out. • Delayed Financing: property purchased for cash within 6 months of application; underwritten and priced as Rate Term; proceeds limited to documented acquisition cost less gift funds; LTV/CLTV on the lower of purchase price plus improvements or appraised value; original purchase must have been arm's length; not permitted on a Texas primary residence. • Construction to Permanent: closed as Rate Term or Cash-Out as determined under Sections 3.2 and 3.4 of the Standard; one-time close construction loans are not permitted; lot owned 6 months or more uses appraised value, less than 6 months uses the lower of appraised value or total acquisition cost. • Land Contract payoff: contract executed more than 12 months before application is a Rate Term on appraised value with 12 months proof of payment (the Rate Term vesting requirement does not apply); 12 months or less is a Purchase on the lower of contract price or appraised value. A land contract payoff is not eligible as a Cash-Out Refinance. *Refer to Section 3 of the FlexIQ Non-Agency Underwriting Standard.*
16. Incidental Cash Back Back to Top	• Rate Term cash to borrower may not exceed the greater of 1% of the new loan amount or $5,000. Zero cash back on a Texas primary residence. • Loan proceeds used at closing to pay any debt other than the liens permitted for a Rate Term make the transaction a Cash-Out Refinance. • Incidental cash back may not be counted toward reserves.
17. Texas Owner-Occupied Properties Back to Top	**Texas 50(a)(6)** • Primary residence only; maximum 80% LTV/CLTV; single family, PUD or condominium only; fully amortizing only; no Power of Attorney at closing • Existing 50(a)(6) lien seasoned 12 months; urban homestead 10 acres maximum, rural homestead 20 acres maximum; 2% fee cap under Section 50(a)(6)(E) (excluding third-party appraisal and survey fees, the title policy base premium with endorsements, and bona fide discount points) tested before closing; 12 day notice required

Product Highlights	
Topic	**Guidelines**
	Texas 50(a)(4) • Primary residence only; maximum 80% LTV/CLTV; single family, PUD or condominium only (multi-unit not permitted); loan amount limited to the existing 50(a)(6) lien plus actual costs to refinance; no cash back; the 50(a)(6) loan must have closed at least one year before the refinance; the Section 50(f)(2)(D) notice is provided within 3 business days of application and at least 12 days before closing • Texas 50(a)(6) and 50(a)(4) are not eligible on DSCR. *Refer to Section 3.10 of the FlexIQ Non-Agency Underwriting Standard.*
18. Properties Listed for Sale Back to Top	• Listed within 6 months before application: the listing must be cancelled before the application date, with a borrower explanation and evidence of cancellation. • Rate Term: LTV/CLTV on the lower of the list price or appraised value. • Cash-Out: 5% LTV/CLTV reduction; LTV/CLTV on the lower of the list price or appraised value.
19. Non-Arm's Length Transactions Back to Top	• Permitted on primary residence only; fully disclosed with a borrower explanation of the relationship and reason for purchase. • Not permitted where the property is in foreclosure or a Notice of Default has been filed; where the borrower purchases from a builder who is buying the borrower's existing residence; or on a newly constructed second home or investment property where the borrower has a relationship with the builder, developer or seller. • Required: appraiser advised of the relationship; cancelled earnest money check; verification the borrower is not on title and has not been on title in the past 24 months; payoff statement showing the seller's mortgage current; for a tenant purchasing from a landlord, payment history verified under Housing Payment History (a VOR from the seller is not acceptable). • Not permitted on DSCR.
20. Property Flipping Back to Top	• A flip is a resale within 365 days of the seller's acquisition. The seller must be the owner of record; arm's length; no pattern of flipping (three or more resales by the same seller in 12 months); property openly marketed; a purchase contract assignment is acceptable only if the sales price is not increased and no transfer fee is charged. • Exclusions: government agencies, nonprofits under a government program, inherited or court-awarded property, employer relocations, and service members who received a deployment or permanent change of station order after purchasing the property. • Second appraisal required where the subject is a primary residence, the loan is an HPML, and the resale is within 180 days with a price increase above 10% (1 to 90 days) or 20% (91 to 180 days). The borrower may not pay for the second appraisal. • Resale price increases above 10% (seller held 90 days or less) or above 20% (91 to 365 days) require support from appraiser commentary, market conditions and comparable sales; where the increase is due to renovation, appraiser commentary with MLS photo evidence of the renovation, or documentation of renovation cost, is required. *Refer to Section 3.1.2 of the FlexIQ Non-Agency Underwriting Standard.*
21. Eligible Subordinate Financing Back to Top	• New and existing subordinate financing permitted on Full Documentation, Alternative Documentation and Asset Qualification transactions within the CLTV limits of the grid. • Existing subordinate financing on a refinance must be subordinated and recorded; executed subordination agreement and a copy of the subordinate note required. • Lender must be a U.S. financial institution, an employer, or a government or nonprofit program. Proceeds of qualifying employer or program financing may fund down payment and closing costs. • HELOC: CLTV on the full line amount; qualifying payment is the minimum payment on all draws through closing.
22. Ineligible Subordinate Financing Back to Top	• Private party financing • Subordinate financing with a prepayment penalty, balloon financing, or negative amortization • Financing from an interested party on a purchase • Any subordinate financing behind an Interest Only first lien
23. Ineligible Transactions Back to Top	• Lease options and rent to own; interim construction; one-time close construction conversion; builder bailout; a purchase contract assignment that increases the sales price or charges a transfer fee • Graduated payment; simple interest; loans with more than 3 monthly payments paid in advance from proceeds; temporary interest rate buydowns • Ground leases (other than eligible leasehold properties); a PACE or PACE-like obligation that will remain after closing • Loans meeting the New York Subprime definition; CEMA transactions
24. Occupancy Back to Top	• Primary Residence: 1-4 units, occupied by at least one borrower within 60 days of closing for at least 12 months. A one-unit home occupied by the borrower's parent, or by a disabled adult child unable to qualify, may be treated as primary residence (not on Business Purpose Loans). Active duty military unable to occupy because of deployment, a permanent change of station or a similar service requirement may be treated as owner occupied where the household occupies or will occupy the property (military orders in the file).

Product Highlights

Topic	Guidelines
	• Second Home: one unit, occupied by the borrower for part of the year, suitable for year-round occupancy, under the borrower's exclusive control, and not subject to a mandatory rental pool, timeshare or any agreement requiring the borrower to rent it. Rental income from the subject second home may not be used to qualify. • Investment Property: 1-4 units, not occupied by any borrower. Investment loans meeting Section 1.5.1 are Business Purpose Loans; a loan is not a Business Purpose Loan if the borrower, a family member or an entity owner occupies or intends to occupy the property at any time, or if any cash-out proceeds are used for personal, family or household purposes. Every Business Purpose Loan requires the Business Purpose and Occupancy Affidavit (Exhibit 12.5), signed by each borrower and guarantor at least once before or at closing, together with the other evidence in Section 1.5.1: a final 1003 showing each borrower's residence at another address, an appraisal showing the property tenant occupied, vacant or investor owned, a landlord, rental dwelling or investor hazard policy, and leases or a rent roll (a rental intent letter where vacant). An investment loan that is not a Business Purpose Loan is eligible only as a consumer purpose loan on which every TRID requirement was met from the initial application; otherwise it must be declined and a new consumer purpose application taken. • Occupancy is certified on the application and at closing. Occupancy misrepresentation is fraud. *Refer to Section 2.8 of the FlexIQ Non-Agency Underwriting Standard.*
25. Eligible Property Types Back to Top	• Single family attached, detached and modular; townhouse; 2-4 units; PUD; warrantable and non-warrantable condominium; condominium hotel (condotel); log homes common to the area; leasehold where common (not Tribal land) • One-unit property with up to two accessory dwelling units; refer to Condominium Projects for ADU conditions • Rural and agricultural zoned properties meeting the Acreage, Rural and Agricultural topic • Minimum living area: 500 square feet single family and condominium; 400 square feet per unit on 2-4 units • Warrantable attached condominium: maximum 85% LTV/CLTV. Non-warrantable attached condominium: maximum 80% LTV/CLTV. 2-4 units: maximum 80% LTV/CLTV.
26. Ineligible Property Types Back to Top	• Mobile and manufactured homes and manufactured home condominium projects; working farms, ranches, orchards and commercial agricultural operations; commercial or industrial zoned property; mixed-use properties; cooperatives (co-op units and co-op projects), regardless of delivery channel • Unique properties (barndominiums, geodesic domes, earth-sheltered and berm homes, any property with no comparable sales); properties over the acreage limit • Lease with option to buy; unremediated environmental contamination; timeshares and fractional ownership; leasehold on Tribal land; assisted living and licensed care facilities • Resale restricted property other than an age-restricted community under the Housing for Older Persons Act, unless the restriction terminates automatically on foreclosure or acceptance of a deed in lieu and the title policy insures that termination without exception • Properties below the minimum living area; condition rating C5 or C6; quality rating Q6 • Shared-pad and pad-split arrangements, individual room rentals, and bed and breakfast operations
27. Condominium Projects Back to Top	• Warrantable detached units and warrantable projects of 10 or fewer units: no project review. Established warrantable attached: CPM certification or a completed questionnaire. New or newly converted warrantable: Full Review, including project questionnaire, budget and reserve study. Non-warrantable: Full Review Condo Questionnaire (Exhibit 12.9). • Any project is ineligible with outstanding critical repairs, an evacuation order, a structural or life-safety special assessment, or pending litigation affecting safety, soundness or habitability. **Non-warrantable limits**

Characteristic	Warrantable	FlexIQ Limit
Commercial or nonresidential space	35%	50%
HOA dues 60 or more days delinquent	15% of units	25% of units
Investor concentration, established projects, investment transactions	50%	70%
Single entity ownership	20%	49%; 65% on non-gut conversions
New project presale	70% sold or under contract	30% sold or under contract
HOA reserve allocation	10% of budget	5% fully funded; 8% at least 50% funded; 10% otherwise

• Ineligible project characteristics: operated as a hotel or motel or with mandatory rental pooling (other than an eligible condotel); mandatory membership or club fees; non-waivable right of first refusal; manufactured home projects; HOA not the sole owner of common elements; more than 20% of units in short-term rental unless underwritten as a condotel.

Condominium hotel (condotel)

• No approved list; each project underwritten. Minimum 500 square feet; separately deeded unit with full kitchen and defined sleeping area; professionally managed by a hospitality brand or a manager with 5 years history and

Product Highlights	
Topic	**Guidelines**
	3 comparable properties; voluntary rental participation; project documents may not limit owner occupancy (no black-out periods); no borrower occupancy on an investment property loan; at least 50% sold and closed; no single entity above 40%; investor concentration up to 100%; HOA replacement reserve allocation of at least 10% of budget or a fully funded reserve per a current study; 9 months reserves; three closed comparable sales in the project or a competing condotel. **Accessory dwelling unit** • Up to two ADUs on a one-unit property (three or more, or any ADU on a 2-4 unit property, not eligible): each allowed by zoning (unpermitted ADU conditions below), smaller than the primary dwelling, quality consistent with the primary dwelling, own entrance, kitchen (cabinets, countertop, sink with running water, stove), sleeping and bathing facilities; appraisal with at least one comparable with the same number of ADUs (Form 1025 with two ADUs); hazard insurance covers each ADU. An unpermitted ADU is acceptable where the appraiser identifies the work, comments on quality and appearance, and states any value impact; ineligible where zoning does not allow the unit; no rental income from an unpermitted ADU; ADU rental income only where the appraisal reflects the ADU is legal or complies with zoning and permits are verified where required, with market rent itemized for each ADU where two produce income. *Refer to Section 9.1.3 of the FlexIQ Non-Agency Underwriting Standard.*
28. Acreage, Rural and Agricultural Properties Back to Top	• Maximum 20 acres. Lot size must be typical for the area and supported by comparable sales. Multiple parcels follow Fannie Mae B2-3-04. • Rural (appraiser designation, rural zoning, working farm, or over 20 acres): primary residence maximum 80% LTV/CLTV; second home maximum 75% LTV/CLTV; investment property not permitted. Primary use residential, highest and best use, no agricultural income. • Agricultural zoned: eligible where residential in nature, no income producing attributes other than rental income on an investment property, 20 acres or less, highest and best use with similarly zoned comparables, and zoning legal or legal non-conforming with rebuild rights. Hobby farms with no income are eligible. *Refer to Sections 9.1.4, 9.1.5 and 9.1.6 of the FlexIQ Non-Agency Underwriting Standard.*
29. State Restrictions Back to Top	• Texas: refer to Texas Owner-Occupied Properties • New York: loans meeting the New York Subprime definition are not eligible; CEMA transactions are not eligible • Prepayment penalty state restrictions: refer to Prepayment Penalty • Hawaii: Delegated Correspondent Sellers only (licensing)
30. Geographic Restrictions Back to Top	• Properties must be located in one of the 50 United States or the District of Columbia. Guam, U.S. Virgin Islands, Puerto Rico, American Samoa and the Northern Mariana Islands are not permitted. • There are no city or county level occupancy restrictions. Investment properties are permitted in all eligible jurisdictions. • Bergen County, N.J., Essex County, N.J., Orange County, N.Y. and Rockland County, N.Y.: a Collateral Desktop Analysis from Clear Capital is required in the closed loan package regardless of CU score (not required where two appraisals are obtained), and the loan is subject to an additional review by Onity Mortgage Corporation. The appraisal and CDA value must meet the valuation requirements of Section 9.2.3. *Refer to Section 4.2 of the FlexIQ Non-Agency Underwriting Standard.*
31. Eligible Borrowers Back to Top	• U.S. citizens • Permanent Resident Aliens: valid social security number; I-151, I-551, conditional I-551, or passport stamped Processed for I-551. A card expiring within 3 months of the note date requires the filed Form I-90, USCIS Form I-751 or Form I-829 filing receipt. • Non-Permanent Resident Aliens: valid social security number; 2 year credit and employment history; unexpired visa from the acceptable list in Section 4.4.2, plus an EAD where the visa does not authorize work and income is used to qualify. Eligible on all occupancies, transaction types and documentation types with no LTV/CLTV reduction and no minimum residency period. • Visa or EAD expiring within 6 months of application: employer letter confirming continued employment and renewal sponsorship. USCIS automatic EAD extensions are accepted up to 540 days with the I-797C receipt. • Refugees and asylees with the I-94 or approved USCIS form. • Inter vivos revocable trusts; entities on investment property (refer to Vesting) *Refer to Section 4 of the FlexIQ Non-Agency Underwriting Standard.*
32. Ineligible Borrowers Back to Top	• Non-U.S. citizens without lawful residency; foreign nationals with no residency status in the U.S.; borrowers with diplomatic immunity; Deferred Action (DACA/C33) and Temporary Protected Status (A12, C19); any visa classification not on the acceptable list; ITIN borrowers • Irrevocable trusts, land trusts (including Illinois land trusts), blind trusts, life estates, nonprofit entities, IRAs • Persons residing in an OFAC sanctioned country or sanctioned by OFAC; any material party on the HUD LDP, GSA Excluded Party or other exclusionary list • Borrowers using a private credit repair company to rescore or repull the credit report; employees of the originating broker or correspondent financing an investment property through their employer, and the other conflicts of interest in Section 2.7

Product Highlights	
Topic	**Guidelines**
33. First Time Homebuyer (FTHB) Back to Top	• A borrower with no ownership interest in residential or commercial property in the United States in the 3 years before the note date. Requirements apply only when every borrower is a First Time Homebuyer, except that the 55% DTI band is not available where any borrower is a First Time Homebuyer. • Minimum 680 credit score; maximum 85% LTV/CLTV; primary residence and second home only; investment property and DSCR not permitted • 12 months 0x30 housing history, or eligible as rent free or with less than 12 months history (refer to Housing Payment History) • Not eligible for DTI above 50%. WVOE: maximum 70% LTV/CLTV and maximum 45% DTI.
34. Non-Occupant Co-Borrower Back to Top	• Primary residence, one unit; purchase, Rate Term and Cash-Out; on Cash-Out, maximum LTV/CLTV reduced 5% and the occupying borrower must contribute qualifying income; non-occupant must be on title, sign the Note and security instrument, and have no interest in the sales transaction; not permitted on Asset Depletion or Asset Utilization • Either the occupying borrower's DTI is 60% or less on their own income and debts, or the combined DTI is 45% or less and the LTV/CLTV is 80% or less • Non-Occupant Co-Borrower Certification (Exhibit 12.6) signed by all borrowers
35. Vesting Back to Top	• Individuals, joint tenants, tenants in common, leasehold, inter vivos revocable trust, and entities (LLC, corporation, partnership) • Inter vivos revocable trust: established by natural persons; at least one trustee is a borrower; full trust documents or a trust certification where permitted by state law; no Power of Attorney **Entity vesting, investment property only** • Formed for real estate ownership and management; domiciled in a U.S. state and in good standing; no more than 4 owners; the guarantor owns at least 25% of the entity or is the majority shareholder, with signing authority (with more than one guarantor, the 25% may be met on a combined basis); notarized personal guaranty from each guarantor where the note is not signed individually; each owner on the loan signs the security instrument; title in one entity only; up to 2 layers of entities, none layered with a trust • Documentation: formation documents and amendments, operating or partnership agreement or bylaws, EIN, Certificate of Good Standing within 30 days of closing, borrowing resolution where all owners are not on the loan, Entity Review Checklist, Spousal Consent to Pledge in community property states, Business Purpose and Occupancy Affidavit on every Business Purpose Loan • Each guarantor completes a Form 1003 and is screened through the fraud and data check. Sellers may not suggest entity formation to obtain the loan. *Refer to Section 4.8 of the FlexIQ Non-Agency Underwriting Standard.*
36. Power of Attorney Back to Top	• Permitted per Fannie Mae except: vesting in a trust or entity; Texas 50(a)(6); Cash-Out Refinance • The borrower signs the initial Form 1003 (electronic signature acceptable); the attorney in fact executes closing documents only; POA specific to the transaction, notarized, recordable, accepted by title, dated on or before the note date, and not an interested party
37. Credit Score Back to Top	• Classic FICO only. VantageScore 4.0 and FICO 10T are not accepted. • Minimum 2 scores required; at least one borrower must have 2 scores. A borrower with fewer than 2 scores may be included where another borrower meets the requirement and the tradeline requirements of Standard Section 5.5 are met. • Representative score: one borrower, the lower of 2 or middle of 3; multiple borrowers, the primary wage earner's lower of 2 or middle of 3 (the primary wage earner must have at least 2 scores); Asset Utilization with multiple borrowers, the lowest of the borrowers' representative scores; 50/50 business owners using the same business income, the higher of the two representative scores • One frozen bureau permitted where 2 scores report. A repulled report with a lower score must be used. • Credit report no older than 120 days at the note date; gap or undisclosed debt report within 30 days of the note date
38. Housing Payment History Back to Top	• Maximum 1x30x12 on the subject and all financed real estate; minimum 12 months history, or the full period owned for a property owned less than 12 months. Loans with a 1x30x12: maximum 80% LTV/CLTV. Existing payments must be current at application and the month before closing. • History not on the credit report: servicer payment history; note or lease with 12 months cancelled checks, bank statements or electronic pay history; a third-party VOM/VOR; or a private party VOM/VOR with 12 months cancelled checks, bank statements or electronic pay history. A private party VOM/VOR alone is not acceptable. • Rent free or less than 12 months history: rent-free letter (Exhibit 12.8) or the partial history paid as agreed; maximum 43% DTI; maximum 80% LTV/CLTV; no reserves or borrower contribution beyond Standard Sections 6.6 and 6.8. Does not apply to a borrower owning free and clear or living rent free with a spouse not obligated on the mortgage. • Payoff of property taxes 60 or more days delinquent from loan proceeds makes the transaction a Cash-Out Refinance; taxes more than 12 months delinquent require an exception. *Refer to Section 5.4 of the FlexIQ Non-Agency Underwriting Standard.*

Product Highlights

Topic	Guidelines
39. Significant Derogatory Credit Back to Top	• Events: short sale, deed in lieu, mortgage charge-off, pre-foreclosure, foreclosure, Chapter 7, 11 or 13 bankruptcy, non-COVID or disaster forbearance, Notice of Default, Lis Pendens, 120-day mortgage late, and a modification due to default. • Seasoning: 48 months from the earlier of discharge or dismissal or the property resolution date to the note date. Bankruptcies discharged or dismissed at least 12 months before the note date. • Defaulted first and second liens on the same property are one event. A forbearance the borrower has exited with 3 consecutive payments made as agreed is not an event. A COVID or non-default modification is not an event. • Past due balloon: treated as 1x30 only where paid or refinanced within 180 days of maturity, all scheduled payments were made, and the note holder confirms in writing it will accept payoff. • Written explanation required for all derogatory credit.
40. Derogatory Credit and Collections Back to Top	• All past due revolving and installment accounts must be brought current. • Collections and charge-offs need not be paid where the cumulative balance of non-exempt accounts opened within 3 years is $5,000 or less, the account is more than 3 years old, or the statute of limitations has passed. Above $5,000 and within 3 years: payment plan included in the DTI, or verified assets covering the balance in addition to closing funds and reserves. Medical collections need not be paid where their cumulative balance is under $15,000; otherwise they are treated as other collections. • Judgments, liens and delinquent property taxes affecting title must be paid at or before closing. Delinquent federal or state income taxes under an approved installment agreement need not be paid at closing where the agreement copy is in the file, the agreement is current with the most recent payment evidenced, the payment is included in the DTI, and no tax lien has been filed (Standard 7.2.2). • Credit counseling: at least 12 months on the plan with timely payments and administrator permission to obtain financing.
41. Income Documentation Options Back to Top	<table><tr><th>Option</th><th>Summary</th></tr><tr><td>Full Doc, 12 or 24 month</td><td>Wage earner: paystub with year to date and W-2, electronic VOE, or WVOE with paystub; 1040s only where other income types require tax returns. Self-employed: 1 or 2 years personal and business returns with year to date P&L where Fannie Mae requires it; 1 year of returns under the 24 month option where the business is 5 or more years old.</td></tr><tr><td>1099, 12 or 24 month</td><td>1 or 2 years Form 1099 with year to date support; 10% expense ratio</td></tr><tr><td>Bank Statement, 12 or 24 month</td><td>Business statements at the published expense factor or a third-party prepared expense statement (minimum 10%); personal statements with business distributions at 100% where accounts are proven separate, otherwise 50% or the Commingled Bank Account option</td></tr><tr><td>Profit and Loss Only, 12 or 24 month</td><td>Licensed preparer P&L; supporting bank statements only where the loan amount exceeds $1,000,000. Minimum 660 credit score, maximum 80% LTV/CLTV</td></tr><tr><td>Profit and Loss with Two Months Bank Statements</td><td>P&L Only requirements plus 2 months of business statements on all loan amounts, 20% tolerance; uses the Program Matrix parameters for bank statement documentation</td></tr><tr><td>Written Verification of Employment</td><td>Form 1005 covering 24 months (1 year where the current job is less than 2 years) plus one month of personal bank statements; primary residence only</td></tr><tr><td>Asset Depletion</td><td>Post-closing liquid assets over 60 months added as income to the DTI</td></tr><tr><td>Asset Utilization</td><td>Post-closing liquid assets; no DTI calculated</td></tr></table> • Where more than one documentation option is used, including alternative documentation combined with full documentation income not associated with self-employment, or Asset Depletion combined with other income, the option supporting the largest percentage of total qualifying income sets pricing and eligibility; the documentation option selected and the income calculation under it are stated in the file. • Additional income on the 1003 (alimony, child support) may be considered per Fannie Mae; W-2 wages are documented under Standard 8.3.1. Non-taxable income may be grossed up 125%. • Income documents no older than 120 days at the note date. Verbal verification of employment on all employment and self-employment income used to qualify: wage earners within 10 calendar days before the note date; self-employed borrowers within 30 calendar days before the note date. *Refer to Section 8.1 of the FlexIQ Non-Agency Underwriting Standard.*
42. Full Documentation: Wage Earner Back to Top	• 2 years employment in the same industry and 1 year continuous at the current job for a 12 month calculation. Current earnings verified by a paystub, a WVOE with a paystub, or an electronic VOE, each with year to date earnings; tax returns or W-2s alone are not acceptable. • 24 month option: most recent paystub and 2 years W-2s, or electronic VOE covering 2 years, or WVOE with paystub. 1040s (2 years, all schedules) are added only where other income types require tax returns under Fannie Mae. 12 month option: the same with 1 year, except that interest, dividends and capital gains are qualified on 24 months of documentation.

Product Highlights	
Topic	**Guidelines**
	• Seasonal and irregular income eligible with 2 years receipt and employer confirmation of anticipated hours and months. Family employment income eligible where the relationship is disclosed and the income is verified through the employer's tax returns or payroll records, with 2 years of W-2s and personal tax returns under either option. A WVOE is required where needed to analyze overtime, bonus or commission. • Signed 4506-C required; transcripts required for income documented with tax returns. Calculate per Fannie Mae; where the most recent period is below the prior period, the lower figure is used unless the decline is documented as non-recurring, and a borrower explanation of any decline is required (Standard 8.3.2.4). *Refer to Section 8.3.1 of the FlexIQ Non-Agency Underwriting Standard.*
43. Full Documentation: Self-Employed Back to Top	• 25% or more ownership is self-employed. Two years self-employment history; less than two years (more than one) is acceptable with 3 years in the same line of work (or 1 year of successful employment in the same line of work plus 2 years of formal education or training in it), or 1 year in the same line of work plus 2 years of formal education or training in it, or 2 years in the same line of work and industry, with no LTV or credit score overlay. • 24 month option: 2 years personal and business returns with K-1s and year to date P&L where Fannie Mae requires it. 12 month option: 1 year. Under the 24 month option, one year of returns where the business has operated 5 years or more. • Year to date P&L and balance sheet where Fannie Mae requires; signed by preparer and borrower; not used to qualify. Cash flow analysis on Form 1084 or similar. Signed 4506-C and transcripts required; business transcripts not required where net business income is validated on the 1040. • Self-employment income from a marijuana related business is not eligible; W-2 wages from such a business may be used under Standard 8.3.3, and assets derived from it are not eligible. *Refer to Section 8.3.2 of the FlexIQ Non-Agency Underwriting Standard.*
44. Bank Statement Requirements Back to Top	• 12 or 24 consecutive months from the same account for the same business, every page, the most recent months available; transaction printouts not acceptable. Evidence of a move to a new institution is acceptable. A Business Narrative, a similar form or a borrower letter describing the operating profile of the business is required. • Two years self-employment and business ownership (more than 1 year where Section 8.3.2.1 is met); ownership 25% minimum (20% for a personal account receiving business deposits and 100% for a true commingled account under Section 8.4.6); business active 2 years; ownership verified by a licensed preparer letter, formation documents, operating agreement or a third-party listing; third-party verification of good standing • Disallowed deposits: transfers from other accounts (other than an ACH or wire transfer from another company for services rendered, and, on Personal Bank Statements, transfers from the borrower's business account), credit lines, business loans, rental income, one-time deposits, credit card cash advances, returns and refunds, and non-business income on personal statements. Large deposits require a borrower explanation or documentation under Standard 6.7; unsupported large deposits are excluded. • Payment processor deposits (Square, Stripe, PayPal, Venmo for business) are eligible business deposits where the account is in the business or borrower's name and processor statements for the same period identify the deposits. • Deposits declining from the earlier 12 months to the most recent 12 months: qualify on the most recent 12 months (Standard 8.3.2.4). • NSF: 3 maximum in 12 months where any occurred in the last 3 months, otherwise 6; waived at a 720 score with 0x30x24 mortgage and rental history. A borrower explanation is required for any NSF in 12 months. • Business bank statements: qualifying income is the lower of the calculation or the income on the initial 1003 unless a supported borrower explanation is provided; a calculation more than 20% above the 1003 requires a supported explanation. Personal bank statements: the 1003 income is reviewed for consistency with the calculation, and large deviations may require a borrower explanation or additional documentation. Monthly income must be on the initial signed 1003. 4506-C and transcripts are not required unless an unmarried co-borrower qualifies on full documentation; on a Commingled Bank Account a signed 4506-C is required, transcripts are not. *Refer to Section 8.4.2 of the FlexIQ Non-Agency Underwriting Standard.*
45. Business Bank Statements Back to Top	• Expense factor applied to eligible deposits, or a third-party prepared expense statement at a minimum 10% ratio from a preparer meeting Section 8.4.1.2 who prepared the last return or reviewed the business financials. Where the business profile does not fit the expense factor table, a third-party prepared expense statement is required.

Business Type	0 Employees	1 to 5 Employees	More than 5 Employees
Service business (consulting, accounting, legal, therapy, financial planning, insurance, information technology)	15%	30%	50%

Product Highlights	
Topic	**Guidelines**
	<table><tr><td>Product business (retail, food service, restaurant, manufacturing, contracting, construction)</td><td>25%</td><td>50%</td><td>85%</td></tr></table> • The factor must be reasonable for the profession; where statements evidence higher expenses, the higher figure is used. Depreciation, depletion, amortization and casualty losses may be added back where an expense statement is used. • Multiple accounts permitted for multiple businesses; two accounts for one business where used for different payment types. Ending balances should be stable or increasing. Qualifying income is multiplied by the ownership percentage. *Refer to Section 8.4.3 of the FlexIQ Non-Agency Underwriting Standard.*
46. Personal Bank Statements Back to Top	**Business distributions to a personal account** • Two months of business statements prove the business is operating and separate; account numbers must match and the business statements must show operating expenses. Separation proven: 100% of qualifying deposits with no expense factor. Not proven: 50% of deposits, or qualify as a Commingled Bank Account (below). • Minimum 25% ownership. Joint personal accounts with a non-owner: unidentified deposits excluded. Income equals eligible deposits divided by 12 or 24 months. **Commingled account** • Personal account receiving business deposits: 20% minimum ownership, only transfers from the business account are eligible, 2 months of business statements. True commingled account with no separate business account: 100% ownership required. Ownership may be met by the borrower and a non-borrowing spouse combined, or by all credit qualifying borrowers combined (at least 20% or 100%, as applicable); an independent contractor dedicated to one occupation and receiving 1099 income is eligible under either. 50% expense factor, or elect to qualify under a business bank statement method (expense table or third-party expense statement). Signed 4506-C required, transcripts not required. The statements may show only borrowers and non-borrowing spouses as account holders. *Refer to Sections 8.4.5 and 8.4.6 of the FlexIQ Non-Agency Underwriting Standard.*
47. Profit and Loss Only Back to Top	• Minimum 660 credit score; maximum 80% LTV/CLTV; maximum loan amount $3,000,000. Gift funds per Gift Funds. • Two years self-employment and ownership (25% minimum); business active 2 years • 12 or 24 month P&L dated within 120 days of the note date, prepared and signed by a CPA, EA, CTEC registrant, tax attorney or licensed tax preparer with PTIN who audited the financials or reviewed the borrower's working papers. Verified preparer credential in the file. • Supporting bank statements required only where the loan amount exceeds $1,000,000: 2 months of bank statements within a 20% variance of the P&L. Profit and Loss with Two Months Bank Statements: 2 months of statements on all loan amounts, within a 20% tolerance; uses the Program Matrix parameters for bank statement documentation. • Income: 12 or 24 month average net income times ownership percentage. Depreciation and W-2 wages are not added back. 4506-C and transcripts not required unless an unmarried co-borrower qualifies on full documentation. *Refer to Sections 8.4.7 and 8.4.8 of the FlexIQ Non-Agency Underwriting Standard.*
48. IRS Form 1099 Back to Top	• Independent contractors and gig economy borrowers with 2 years of 1099 income only, or 1 year after converting from W-2 in the same line of work. No ownership in the paying company; regular ongoing compensation. • 12 month: most recent 1099 with year to date support. 24 month: 2 years of 1099s with year to date support. Income is the lower of (a) the 1099 average for the period or (b) the 1099 income for the period plus year to date income, converted to a monthly average. 10% expense ratio applied. • Signed 4506-C and 1099 transcripts required (year end statement acceptable where no record is found). Written explanation of the business operating profile. *Refer to Section 8.4.9 of the FlexIQ Non-Agency Underwriting Standard.*
49. Written Verification of Employment Back to Top	• Primary residence only; minimum 680 credit score; no gift funds; 0x30x24 housing history (rent free or less than 24 months of history ineligible). Purchase and Rate Term maximum 80% LTV/CLTV (75% below a 720 score); Cash-Out maximum 70% LTV/CLTV; FTHB maximum 70% LTV/CLTV and 45% DTI. • Wage earners only; 2 years in the same industry and 1 year at the current job; not employed by a family member • Form 1005 covering 24 months (at least 1 year where the borrower has been at the current job less than 2 years), completed by human resources, payroll or an officer of the company and returned directly to the Seller, plus one month of personal bank statements showing employer deposits of at least 65% of the gross wage. A

Product Highlights	
Topic	**Guidelines**
	WVOE from an approved online provider (The Work Number, TruWork, Equifax, Quick Confirm or LexisNexis) is an acceptable alternative. Internet search of the employer required. • Base pay per Fannie Mae; bonus, overtime, tip and commission itemized on the WVOE with a 2 year history, averaged over 2 years (the one year figure where declining). No other active employment income for that borrower; passive income permitted. No paystubs, W-2s, tax returns, 4506-C or transcripts. *Refer to Section 8.4.10 of the FlexIQ Non-Agency Underwriting Standard.*
50. Asset Depletion Back to Top	• Minimum 660 credit score; maximum 80% LTV/CLTV; all occupancies; purchase, Rate Term and Cash-Out. No non-occupant co-borrowers, gift funds or gift of equity. • Income: total qualified assets less down payment, closing costs, prepaids and reserves, divided by 60. Net post-closing assets at least 125% of the loan amount unless Asset Depletion is less than 50% of total qualifying income. • Qualifying assets: cash accounts 100%; publicly traded securities 80%; vested retirement 70% less outstanding loans (and less any early withdrawal penalty under age 59½); life insurance cash value 100% less policy loans; revocable trust 100%; irrevocable trust 100% where the borrower is the beneficiary with documented immediate access; Bitcoin and Ethereum 50%; net proceeds of a documented real estate sale 100% • Statements or a VOD dated within 120 days of the note date and evidencing that the assets have been on deposit at least 120 days before the note date. Foreign balances count only where the full balance counted is transferred to a U.S. account in the borrower's name before closing. Not eligible for Asset Depletion or Asset Utilization: business assets; gift funds and gift of equity; equity in real estate; margined or pledged assets; private or non-publicly traded securities; restricted stock units, stock options and non-vested stock; blind trusts, land trusts and life estates; cash-out proceeds from the subject transaction; 529 and other qualified tuition plans; an account held solely by a non-borrowing spouse; an account already used to qualify income under any documentation option *Refer to Section 8.5 of the FlexIQ Non-Agency Underwriting Standard.*
51. Asset Utilization Back to Top	• Minimum 660 credit score; maximum 80% LTV/CLTV; all occupancies; purchase and Rate Term only (Cash-Out not permitted). No non-occupant co-borrowers, gift funds or gift of equity. No DTI is calculated, employment is not required on the 1003, and no other income may be used. • Post-closing liquid assets must exceed 100% of the loan amount plus down payment, closing costs, prepaids and 60 months of all monthly obligations, including the full PITIA on every other property owned; rental income may not offset, and debts may not be paid off or paid down below 10 months to qualify. • Residual income: eligible assets less down payment, closing costs and prepaids, divided by 60, less total monthly debt, must meet the $2,000 minimum. • Same asset percentages and documentation as Asset Depletion. Reserves are not required in addition to the post-closing assets. *Refer to Section 8.5.2 of the FlexIQ Non-Agency Underwriting Standard.*
52. Rental Income Back to Top	• Full Documentation: long-term rental per Fannie Mae, including Schedule E; short-term rental per the short-term rental terms below. Alternative Documentation: lease and market rent documentation below. WVOE: rental income documented under this topic. DSCR: refer to the DSCR Program Matrix. • Long term, Alternative Documentation: subject purchase, 75% of Form 1007/1025 market rent; departing residence, 75% of the 12 month lease with verification of the security deposit and first month's rent deposited to the borrower's account; rented less than 12 months, 75% of the lease with proof of receipt; vacant refinance, 75% of market rent; other real estate owned, 75% of the lease with 2 months of receipts. Tenant may not be a family member. • Real estate investors with rental income as the primary source: rental deposits on the 12 or 24 months of statements with a borrower explanation identifying the properties. • Short term rental: legally permissible, documented by either local ordinance compliance or an appraiser statement, with the license or permit where the jurisdiction requires registration under either method; common for the area, documented by an appraiser comment on the prevalence of short-term rental activity and any impact on marketability; association approval is also required on condominiums, PUDs and HOA properties and may not be satisfied by appraiser commentary. Purchase: 80% of the appraiser's STR analysis or AirDNA projection (AirDNA on purchase only: 12 month forecast dated within 90 days of the note date, minimum 3 comparable properties, market or sub-market score 60 or greater). Refinance: the lower of 80% of market rent or the 12 month history; 100% of net amounts on platform or management statements that itemize expenses; 80% of gross deposits where self managed. Seasonal markets on a full 12 months with at least 3 months of receipts. • A negative result is a monthly liability. *Refer to Section 8.6 of the FlexIQ Non-Agency Underwriting Standard.*
53. IRS Form 4506-C and Tax Transcripts Back to Top	• Full Documentation and 1099: signed 4506-C required; transcripts required for any income documented with tax returns or 1099s, and where red flags exist. Business transcripts not required where net business income is validated on the 1040. Where the IRS returns No Record Found, proof of filing, refund or payment and any extension must be in the file.

Product Highlights

Topic	Guidelines
	• Bank Statement and Profit and Loss Only: 4506-C and transcripts not required, unless an unmarried co-borrower qualifies on full documentation. WVOE and Asset Qualification: 4506-C and transcripts not required. Commingled bank statements: signed 4506-C required, transcripts not required.
54. Assets Back to Top	• Statements no older than 120 days at the note date covering 30 days of activity; quarterly statements and a VOD acceptable. All borrower assets disclosed and verified. Liquidation evidence not required where the balance exceeds funds to close by 20% or more (not applicable to cryptocurrency). • Eligible at 100%: checking, savings, money market, certificates of deposit, matured savings bonds, publicly traded securities (liquidated for closing), revocable trust accounts, life insurance cash value less loans, vested retirement at age 59½ or older less loans, net proceeds of a real estate sale, cash out proceeds for reserves • Reduced: unmatured savings bonds 80% for closing (100% for reserves); retirement under 59½ 80% less loans and withdrawal penalties for closing (100% less loans for reserves); annuities 60% of vested amounts accessible within 30 days; pension plans 100% of vested amounts accessible within 30 days; 1031 exchange proceeds 100% for closing, not reserves • Business funds: borrower at least 25% owner; funds times ownership percentage; licensed preparer letter or cash flow analysis showing no negative impact where business income is used to qualify; access letter from all other owners where the borrower owns less than 100% • Foreign assets: transferred to a U.S. institution at least 10 days before closing, held at a foreign bank with FDIC insured U.S. branches, or wired directly to the closing agent; 2 statements with 60 days seasoning; U.S. dollar conversion within 10 days; certified translation; no OFAC countries. Reserves may remain abroad. • Joint accounts with a non-borrowing spouse are the borrower's funds; other joint holders require an access letter or title interest. A non-borrowing spouse's sole account may be used for closing only, with an access letter and transfer. *Refer to Section 6.1 of the FlexIQ Non-Agency Underwriting Standard.*
55. Gift Funds Back to Top	See table below • Down payment and closing costs only; not reserves. Donor: relative by blood, marriage, adoption or guardianship, domestic partner or fiancé; not an interested party. • Gift letter required, with evidence that the gift funds are in the donor's account or have been transferred to the borrower or the closing agent (a donor account statement is not required where the transfer is documented). Funds from a non-borrowing purchaser on the contract and deed are not a gift. • Gift of equity: primary residence purchase from a family member, labeled on the Closing Disclosure, not an interested party contribution, 12 month history on any existing mortgage on the property. Trade equity is not allowed. • Not permitted on Asset Depletion, Asset Utilization or WVOE.
56. Large Deposits Back to Top	• Bank Statement and Profit and Loss options: a single deposit exceeding 100% of the total monthly qualifying income, regardless of the source of the deposit. Business accounts not used to qualify income are not subject to large deposit analysis. • Full Documentation, 1099, WVOE and Asset Depletion: a single deposit exceeding 50% of the total monthly qualifying income. Asset Utilization: no threshold; the 120 day seasoning requirement in Standard 8.5.5 applies instead. • Borrower explanation consistent with the borrower's profile. A deposit supported by its own documentation (asset sale, tax refund, insurance settlement, documented gift) is sourced by that document. Non-business deposits into a personal account are excluded from bank statement income.
57. Ineligible Assets Back to Top	• 529 and college funds; builder profits; credit card cash advances; cash on hand; down payment assistance and grants; employer assistance; equity in real estate; private or non-publicly traded securities; unsecured loan proceeds; reverse 1031 exchange; SBA and paycheck protection funds; salary advance; seller tax credit; sweat equity; trade equity; non-vested stock, options and restricted stock; blind trusts and land trusts (including Illinois land trusts); unverifiable funds; assets from OFAC countries; marijuana related business assets • Margined, pledged or collateralized assets: not eligible for closing unless liquidated • Reserves may not come from gift funds, 1031 exchange proceeds, or unsecured or revolving debt.
58. Cryptocurrency Back to Top	• Bitcoin and Ethereum on a U.S. regulated exchange in the borrower's account only. Stablecoins, crypto ETFs, privacy coins, meme coins, NFTs, self-custody wallets, offshore and decentralized platforms are not eligible.

Occupancy	Minimum Borrower Contribution
Primary residence and second home, LTV/CLTV 80% or below	None; 100% gift permitted
Primary residence and second home, LTV/CLTV above 80%	5%
Investment property, LTV/CLTV 75% or below	None; 100% gift permitted
Investment property, LTV/CLTV above 75%	10%

Product Highlights

<table>
<tr><th>Topic</th><th>Guidelines</th></tr>
<tr><td></td><td>

Down payment and closing costs: 100% of actual U.S. dollar proceeds after liquidation into a U.S. account or to the closing agent. Reserves: 60% of current valuation, no liquidation. Asset Qualification: 50% of current valuation, no liquidation.
Exchange statement within 30 days of the note date identifying the borrower and holdings; valuation at the exchange's published rate

</td></tr>
<tr><td>59. Interested Party Contributions
Back to Top</td><td>
<table>
<tr><th>Occupancy</th><th>LTV/CLTV</th><th>Maximum IPC</th></tr>
<tr><td>Primary residence and second home</td><td>75% or below</td><td>9%</td></tr>
<tr><td>Primary residence and second home</td><td>Above 75%</td><td>6%</td></tr>
<tr><td>Investment property</td><td>All</td><td>6%</td></tr>
</table>

Contributions above the limit are a sales concession and reduce the LTV basis dollar for dollar.

</td></tr>
<tr><td>60. Reserves
Back to Top</td><td>
<table>
<tr><th>Loan Amount</th><th>Months of PITIA</th></tr>
<tr><td>Up to $500,000</td><td>3</td></tr>
<tr><td>$500,001 to $1,000,000</td><td>6</td></tr>
<tr><td>$1,000,001 to $2,000,000</td><td>9</td></tr>
<tr><td>$2,000,001 to $3,000,000</td><td>12</td></tr>
</table>

Interest Only: calculated on the interest only payment plus taxes, insurance and association dues. Total required reserves capped at 15 months. No additional reserves for other financed properties.
Minimum total reserves, inclusive of the grid: DTI above 50%, 6 months; condotel, 9 months
Rate Term waiver on a primary residence or second home: loan amount under $1,500,000; 0x30x12 on all mortgages with a full 12 month history on the current housing payment; subject payment decreasing; no prior bankruptcy, foreclosure, short sale, deed in lieu, pre-foreclosure or mortgage charge-off; DTI 50% or less. Not available on investment property or Cash-Out. Additional reserve requirements are not waived.
Cash out proceeds may be used as reserves at any LTV/CLTV. Incidental Rate Term cash back may not. Asset Utilization: no separate reserves.

Refer to Section 6.8 of the FlexIQ Non-Agency Underwriting Standard.
</td></tr>
<tr><td>61. Number of Financed Properties
Back to Top</td><td>

Subject is an investment property: no limit. Subject is a primary residence or second home: maximum 20 financed properties including the subject.
Counted where the borrower is personally obligated. Properties vested in the borrower's business and not on the credit report, free and clear properties, and vacant land are excluded.

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<tr><td>62. Maximum Onity Exposure
Back to Top</td><td>

$7,500,000 in unpaid principal balance or 10 loans to one borrower, whichever is reached first, across all products and occupancies, including loans where the borrower is a guarantor. No exception.

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<tr><td>63. Maximum Condominium Exposure
Back to Top</td><td>

Borrower exposure to a single project: the lesser of 3 units or 20% of the project; one unit in a project of 10 or fewer units.

</td></tr>
<tr><td>64. Rapid Acquisition
Back to Top</td><td>

A borrower may not have acquired and currently be financing more than 5 properties, including the subject, in the 12 months before application, regardless of how title is held. Free and clear properties and vacant land are excluded.
Transactions above the limit, including a simultaneous multi-property package, may be considered on an exception basis; the Borrower Portfolio Concentration Review (Section 4.2.1) must be completed and included with the exception request.

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<tr><td>65. Appraisals
Back to Top</td><td>

Full interior and exterior appraisal on the applicable Fannie Mae form on every transaction; desktop, hybrid and bifurcated products are not acceptable in any role. Legacy forms and the UAD 3.6 URAR both acceptable until November 2, 2026; an appraisal first submitted to UCDP on or after November 2, 2026, or, where not submitted to UCDP, with a report signature date on or after November 2, 2026, must be on the UAD 3.6 URAR.
Appraisal no older than 365 days at the note date; Form 1004D/442 update by the original appraiser where older than 120 days. A new appraisal must be ordered for this origination.
Secondary valuation on every loan: CU score 2.5 or below or an LCA passing score, no further product (except the counties listed under Geographic Restrictions); CU above 2.5 or no score, a desk review or a field review; desk review more than 10% below the appraised value or sales price (more than 5% below where the LTV is greater than 85%), a field review at the same tolerances or a second full appraisal; field review outside tolerance, a second full appraisal at the lower value.
Two appraisals required above $2,000,000, on HPML flips, and where triggered by the review waterfall; different appraisers and companies, the same AMC permitted; LTV on the lower value; no review product needed, including the CDA otherwise required in the Geographic Restrictions counties.

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</table>

Product Highlights	
Topic	**Guidelines**
	• Ordered through an AMC or an independent ordering function; no interested party may select, compensate or influence the appraiser. Property complete and habitable; subject-to repairs require a 1004D with photographs before closing, except where an escrow holdback is permitted (Escrow Holdbacks); personal property excluded from value. *Refer to Section 9.2 of the FlexIQ Non-Agency Underwriting Standard.*
66. Declining Markets Back to Top	• Appraiser-identified declining market: 5% LTV/CLTV reduction from the maximum for the transaction and occupancy. No reduction where the LTV/CLTV is 65% or lower. • Third-party valuation products, BPOs, AVMs, desk reviews and state designations do not establish a declining market.
67. Escrow Holdbacks Back to Top	• Delegated Correspondent Sellers: purchase transactions only, for weather delays or minor cosmetic items; estimated cost of completion no more than the lesser of $25,000 or 10% of appraised value; 120% of that cost escrowed; completed within 120 days; purchased only after a 1004D with photographs is in the file. • Non-Delegated Correspondent Sellers and all refinance transactions: not permitted.
68. Escrow Waivers Back to Top	• Taxes and hazard insurance may be waived on non-HPML loans at 80% LTV/CLTV or below; 90% in California. No credit score or reserve test applies. • Flood insurance must always be escrowed. Escrows are mandatory on every HPML and on a Cash-Out Refinance paying property taxes 60 or more days past due.
69. Mortgage Insurance Back to Top	Not required.
70. Disaster Areas Back to Top	• Disaster guidelines apply for 90 days from the end of the incident period unless a post-incident appraisal is provided. Appraisal before the disaster: appraiser update or final inspection. Appraisal after: appraiser comment on the event. Disaster after closing, before purchase: Clear Capital PDI or Stewart (formerly Pro Teck) DAR. • Any damage, including damage affecting safety or habitability or above $2,000, must be repaired and re-inspected before purchase. • A new verbal verification of employment is required where the disaster occurred after the original verification; the borrower must still be with the same employer or business at the same income.
71. Property Insurance, Title and Taxes Back to Top	• Hazard: the lesser of 100% of the insurable replacement cost or the unpaid principal balance, provided the amount is at least 80% of the insurable replacement cost; deductible 5% of the coverage amount (5% named storm; the greater of $10,000 or 5% on condominium and PUD master policies); Fannie Mae carrier eligibility; FAIR Plan acceptable only where permitted by Fannie Mae and applicable law. Flood required in a Special Flood Hazard Area. HO-6 on condominiums unless the master policy provides walls-in coverage. • Title: 24 month ownership history; commitment and closing protection letter dated within 60 days of the note date; transfers within 6 months reviewed under Property Flipping. • Taxes on land and all completed improvements including special assessments; an exemption may be used only where it will remain applicable after closing and is documented as provided in Standard Section 2.6. A homestead or owner-occupancy exemption cannot remain on an investment property.
72. Revision History Back to Top	

Version	Date	Change
4/24/2026	Published 4/24/2026	Original FlexIQ Non-Agency Full Doc and Alt Doc Product Description
1.1	10/8/2026	Rebuilt in product summary format. LTV/CLTV and credit score grid unchanged from the 4/24/2026 publication. All other parameters restated from the FlexIQ Non-Agency Underwriting Standard, Version 1.1. Changes from 4/24/2026 are tracked in the FlexIQ Master Change Log.