ONITY FlexIQ

# FlexIQ Non-Agency DSCR Program Matrix

Correspondent Lending | Investment Property Business Purpose Loans | Onity Mortgage Corporation, f/k/a PHH Mortgage Corporation
Version 1.1 | Published October 8, 2026 | Effective October 12, 2026

## Eligibility Matrix

| Loan Amount | Credit Score (1,3) | DSCR 1.00 or above: Purchase, Rate Term Refinance (1) | DSCR 1.00 or above: Cash-Out (1,2) | DSCR 0.75 to 0.99: Purchase, Rate Term Refinance (1) | DSCR 0.75 to 0.99: Cash-Out (1,2,4) |
|---|---|---|---|---|---|
| **$1,000,000** | 720 | 80% | 75% | 75% | 70% |
| | 700 | 80% | 75% | 70% | 65% |
| | 680 | 80% | 70% | 70% | 60% |
| | 660 | 75% | 70% | 60% | N/A |
| **$1,500,000** | 720 | 80% | 75% | 70% | 70% (4) |
| | 700 | 80% | 75% | 70% | 65% |
| | 680 | 80% | 70% | 70% | N/A |
| | 660 | 75% | 70% | N/A | N/A |
| **$2,000,000** | 740 | 80% | 65% | 65% | N/A |
| | 700 | 75% | 65% | 65% | N/A |
| | 680 | 70% | 65% | N/A | N/A |
| | 660 | 70% | N/A | N/A | N/A |
| **$2,500,000** | 700 | 70% | 60% | N/A | N/A |

**1. Max LTV/CLTV limits**

- Loans with 1x30x12: max 75% LTV/CLTV.
- First Time Investor: min 680 FICO, max 75% LTV/CLTV, min 1.00 DSCR, min 12 months reserves, 0x30x12 payment history, 1-4 units.
- Non-warrantable attached condo: max 75% LTV/CLTV.
- Declining market: 5% LTV reduction from the max LTV/CLTV; no reduction where the LTV/CLTV is 65% or lower (Standard 9.3).
- Short-term rental: eligible on 1-4 unit properties across the full DSCR band table; purchase max 75% LTV/CLTV; Rate Term and Cash-Out max 70% LTV/CLTV. Seasonal STR qualified on the full 12-month calculation; minimum three months of receipts (Standard 10.4.2).
- Rural properties (up to 5 acres): purchase and Rate Term max 75% LTV/CLTV, cash-out max 70% LTV/CLTV (Standard 9.1.4 and 9.1.5).
- Vacant or unleased refinance: either max LTV/CLTV is the lesser of 70% or the grid, or 75% of market rent is used with no LTV reduction; neither reduction applies after documented renovation (Standard 10.5).
- Properties listed for sale in the prior six months: cash-out LTV/CLTV reduced 5% (Standard 3.5).
- First Time Homebuyer: ineligible where every borrower and guarantor is a FTHB (Standard 10.3).

**2. Max cash in hand**

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

**3. Interest Only**

- Interest Only: Min 700 FICO, Max 75% LTV and min 1.00 DSCR, or Min 700 FICO, Max 70% LTV and 0.75 to 0.99 DSCR. Subordinate financing is not allowed.

**4. Cash-out**

- Cash-out max LTV 65% for loan amounts above $1,000,000 up to $1,500,000 when DSCR is below 0.80.

*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.*

## Topic Index

1. Product Description
2. Loan Terms
3. Loan Products
4. Interest Only
5. Prepayment Penalty
6. Age of Documentation
7. Tradeline Requirements
8. Non-Traditional Credit
9. Required Documentation
10. Temporary Buydown
11. Minimum Loan Amount
12. Maximum Cash Out
13. Underwriting
14. Qualifying: Debt Service Coverage Ratio
15. Long Term Rental Income
16. Short Term Rental Income
17. Vacant and Unleased Properties
18. Types of Financing
19. Incidental Cash Back
20. Properties Listed for Sale
21. Property Flipping
22. Eligible Subordinate Financing
23. Ineligible Subordinate Financing
24. Ineligible Transactions
25. Occupancy
26. Eligible Property Types
27. Ineligible Property Types
28. Condominium Projects
29. Eligible Borrowers
30. Ineligible Borrowers
31. Investor Experience
32. Vesting
33. Power of Attorney
34. Credit Score
35. Housing Payment History
36. Significant Derogatory Credit
37. Derogatory Credit and Collections
38. Assets
39. Gift Funds
40. Large Deposits
41. Ineligible Assets
42. Interested Party Contributions
43. Reserves
44. Number of Financed Properties
45. Maximum Onity Exposure
46. Maximum Condominium Exposure
47. Rapid Acquisition
48. Geographic Restrictions
49. State Restrictions
50. Appraisals
51. Declining Markets
52. Escrow Holdbacks
53. Escrow Waivers
54. Mortgage Insurance
55. Disaster Areas
56. Property Insurance, Title and Taxes
57. Revision History

## 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 where the subject property's Debt Service Coverage Ratio is used to qualify. All DSCR loans are Business Purpose Loans: the property may not be occupied by the borrower, any member of the borrower's family, or any owner of a borrowing entity at any time under any circumstance, and all cash out proceeds must be used for business purposes.<br>Each borrower and guarantor must certify that consumer protection laws applicable to consumer loans do not apply to their business purpose loan and execute the Business Purpose and Occupancy Affidavit (Exhibit 12.5).<br>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, Section 10 and the sections referenced below. Section 10 governs where it differs from any other section. |
| **2. Loan Terms** Back to Top | • 15 and 30 year Fixed Rate, fully amortizing<br>• 30 year Fixed Rate Interest Only: 10 year interest only period, 20 year amortization period<br>• Fixed rate loans are not assumable<br>• Lien position: First |
| **3. Loan Products** Back to Top | **Product Code** / **Product Description** / **Amortization Term** / **Interest Only Period**<br>DSCR30P / Non-Agency Debt Service Coverage 30 Yr. Fixed / 360 months / N/A<br>DSCR30FRM_IOP / Non-Agency Debt Service Coverage 30 Yr. Fixed I/O / 240 months / 10/20<br>DSCR15P / Non-Agency Debt Service Coverage 15 Yr. Fixed / 180 months / N/A<br><br>Correspondents must receive prior approval to originate Non-Agency products. |
| **4. Interest Only** Back to Top | • Minimum 700 credit score; maximum 75% LTV/CLTV with a minimum 1.00 DSCR, or maximum 70% LTV/CLTV with a 0.75 to 0.99 DSCR<br>• Subordinate financing is not permitted with an Interest Only first lien<br>• The DSCR is calculated on the interest only payment (ITIA). Reserves are calculated on the interest only payment. |
| **5. Prepayment Penalty** Back to Top | • Permitted on DSCR loans (investment property Business Purpose Loans), subject to applicable federal and state law.<br>• Maximum term 5 years. Disclosed in the Note or a Note addendum, with a separate prepayment penalty rider to the security instrument.<br>• 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.<br>**State restrictions**<br>• Not permitted: Alaska, Kansas, Maryland, Minnesota, New Mexico, North Dakota<br>• 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%.<br>• 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.<br>• 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.<br>• Oregon: state-specific disclosure required. Washington: fixed rate loans only.<br>*Refer to Section 2.5 of the FlexIQ Non-Agency Underwriting Standard.* |
| **6. Age of Documentation** Back to Top | • Credit report: 120 days before the note date; a gap or undisclosed debt report is not required<br>• Asset statements: 120 days before the note date, covering 30 days of activity<br>• Appraisal: 365 days, with a Form 1004D/442 update where older than 120 days. Title commitment and closing protection letter: 60 days. |
| **7. Tradeline Requirements** Back to Top | Every borrower and guarantor must meet the tradeline requirement. A borrower with three credit scores reporting has met it, unless the only tradelines are authorized user accounts. Otherwise one of the following:<br>**Option** / **Tradelines** / **Reporting Period** / **Additional Requirement**<br>1 / Three (3) current / At least 12 months / At least one currently open and active<br>2 / Two (2) current / At least 24 months / At least one currently open and active |

| Product Highlights | |
|---|---|
| **Topic** | **Guidelines** |
| | <table><tr><td>3</td><td>Three (3), combined between borrower and co-borrower</td><td>At least 12 months</td><td>At least one currently open and active</td></tr><tr><td>4</td><td>Eight (8) or more reporting</td><td>Credit history of at least 8 years; at least one tradeline open and reporting for at least 12 months</td><td>One must be a mortgage or a documented rental history. Minimum 2 credit scores. Student loans in repayment and not deferred may count.</td></tr></table><br>• 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. |
| **8. Non-Traditional Credit**<br>Back to Top | Not permitted. |
| **9. Required Documentation**<br>Back to Top | • Business Purpose and Occupancy Affidavit (Exhibit 12.5), or a similar form, executed by each borrower and guarantor at least once, before or at closing, in the file at delivery<br>• Fannie Mae Form 3170 1-4 Family Rider (Assignment of Rents) executed with the security instrument<br>• Final Form 1003 showing each borrower's current residence at an address other than the subject property<br>• Appraisal identifying the property as tenant occupied, vacant or investor owned; an indication of occupancy by the borrower, a family member or an entity owner makes the loan ineligible (on a purchase, occupancy by the property seller at inspection is consistent with investment occupancy)<br>• Hazard insurance written as a landlord, rental dwelling or investor policy<br>• Executed leases or a rent roll where leased; a borrower letter of rental intent where vacant<br>• Fraud and data check with OFAC screening; findings report in the file with all alerts resolved<br>*Refer to Sections 1.5.1 and 10.2 of the FlexIQ Non-Agency Underwriting Standard.* |
| **10. Temporary Buydown**<br>Back to Top | Not permitted. Temporary interest rate buydowns are an ineligible transaction. |
| **11. Minimum Loan Amount**<br>Back to Top | $100,000 |
| **12. Maximum Cash Out**<br>Back to Top | • LTV/CLTV 65% or below: unlimited. LTV/CLTV above 65%: $750,000.<br>• Loan amounts above $1,000,000 up to $1,500,000 with a DSCR below 0.80: maximum 65% LTV/CLTV<br>• Proceeds must be used for business purposes only, for example acquisition, maintenance or improvement of rental properties, capital investment in a business, or working capital to support a business. A signed borrower letter stating the intended use of the cash-out proceeds is required. Personal use is not permitted. Cash in hand is wired to a U.S. bank account.<br>• At least one borrower on title at application. Ownership of six months or more at the note date is required, except as listed in this paragraph; LTV/CLTV on appraised value. Inherited and legally awarded property, and a co-owner buyout are exempt from seasoning; existing subordinate liens of any age may be paid off. Where the prior transaction was a cash-out refinance, the first mortgage being paid off must be at least 6 months old, note date to note date.<br>• Power of Attorney is not permitted on Cash-Out.<br>*Refer to Section 3.4 of the FlexIQ Non-Agency Underwriting Standard.* |
| **13. Underwriting**<br>Back to Top | • 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. All loans must be manually underwritten; AUS is not permitted as the basis of the credit decision.<br>• 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.<br>• Employment income may be disclosed on the application but is not verified and is not used to qualify. No verbal verification of employment is required.<br>• Exceptions are reviewed case by case with strong compensating factors and submitted through the Non-Agency Deal Desk on the Exception Request Form (Exhibit 12.10) or a similar form. Refer to Section 1.3 of the Standard. |

## Product Highlights

### 14. Qualifying: Debt Service Coverage Ratio

Back to Top

| Loan Structure | Calculation |
|---|---|
| Fully amortizing | Qualifying monthly rent (Long Term Rental Income or Short Term Rental Income) divided by the subject PITIA |
| Interest Only | Qualifying monthly rent (Long Term Rental Income or Short Term Rental Income) divided by the subject ITIA |

- PITIA includes principal, interest, taxes, hazard and flood insurance, association dues, ground rent and special assessments.
- Minimum DSCR 0.75. Refer to the Eligibility Matrix for the LTV/CLTV by DSCR band. No residual income or DTI is calculated.

*Refer to Section 10.4 of the FlexIQ Non-Agency Underwriting Standard.*

### 15. Long Term Rental Income

Back to Top

| Transaction | Gross Monthly Rent |
|---|---|
| Purchase, leased | The lower of the lease amount or Form 1007/1025 market rent. A lease is required where a tenant continues or a lease commences within 60 days of the note date. |
| Purchase, unleased | Form 1007/1025 market rent |
| Refinance, leased | The lease amount. Where the lease exceeds market rent, the lower of the lease or 120% of market rent with 3 months proof of receipt of the higher rent. |
| Refinance, tenant in place without a written lease | The lower of market rent or the rent evidenced by the most recent 2 months of receipts; expired lease in the file where one exists; no LTV reduction |
| Refinance, vacant or unleased | Refer to Vacant and Unleased Properties |

- Family member tenant: not eligible (Standard 1.5.1 and 10.2).

*Refer to Section 10.4.1 of the FlexIQ Non-Agency Underwriting Standard.*

### 16. Short Term Rental Income

Back to Top

- Eligible on 1-4 unit properties across the full DSCR band table. Purchase maximum 75% LTV/CLTV; Rate Term and Cash-Out maximum 70% LTV/CLTV.
- Eligibility: short term rental use legally permissible by ordinance, permit or license; association approval on condominiums, PUDs and HOA properties (a permissive ordinance does not override a restrictive covenant); appraiser comment that short term rental is common in the area.

| Method | Gross Monthly Rent |
|---|---|
| Appraiser short term rental analysis (Form 1007/1025 with STR addendum, narrative, or AMC STR form) | 80% of monthly gross rent |
| AirDNA Rental Analysis, purchase transactions only (Section 10.4.2.3) | 80% of projected annual revenue divided by 12 |
| Refinance, 12 month platform or management statements itemizing expenses | 100% of net operating income divided by 12 |
| Refinance, 12 month platform or management statements without expenses | 80% of gross bookings divided by 12 |

- AirDNA: purchase transactions only; 12 month forecast within 90 days of the note date; revenue on average daily rate times occupancy; at least 3 comparables similar in size, room count, amenities, availability and occupancy; Market or Sub-Market Score 60 or greater; no minimum occupancy rate.
- Where more than one method is available on a refinance, the lowest result is used. Seasonal markets on a full 12 months, minimum 3 months of receipts; peak-season-only projections not permitted. Owned less than 12 months: the appraiser short term rental analysis with the settlement statement. Furnishings are excluded from value. A refinance on platform statements also requires a screenshot of the online listing showing the property actively marketed as a short-term rental.

*Refer to Section 10.4.2 of the FlexIQ Non-Agency Underwriting Standard.*

### 17. Vacant and Unleased Properties

Back to Top

- Purchase: eligible with no LTV restriction; Form 1007/1025 market rent at 100%.
- Refinance, one of the following: maximum LTV/CLTV the lower of 70% or the grid, with full market rent; or the grid maximum with market rent reduced to 75%. Borrower explanation of the vacancy and rental plan required.
- After documented renovation confirmed by the appraiser with photographs, neither reduction applies and full market rent is used up to the grid maximum.

### 18. Types of Financing

Back to Top

- Purchase
- Rate Term Refinance: payoff of the first lien, purchase money subordinate liens, closing costs and prepayment penalties; at least one borrower vested at application; no seasoning; incidental cash back up to the greater of 1% of the loan amount or $5,000, not usable as reserves.

| Product Highlights | |
|---|---|
| **Topic** | **Guidelines** |
| | • Rate Term payoff of a non-purchase money subordinate lien: lien seasoned 6 months and HELOC draws in the prior 12 months of $2,000 or less; otherwise the payoff makes the transaction a Cash-Out Refinance. On a Business Purpose Loan the payoff must also be a business purpose use: a purchase money second needs no proof; a later second needs 6 months seasoning plus documentation that its proceeds were used for business purposes. Otherwise the loan is not a Business Purpose Loan and is not eligible as a DSCR loan.<br>• Cash-Out Refinance: business purpose proceeds only; refer to Maximum Cash Out.<br>• Delayed Financing: eligible; underwritten and priced as Rate Term; property purchased for cash within 6 months; proceeds limited to documented acquisition cost less gift funds; LTV/CLTV on the lower of price plus improvements or appraised value.<br>• Inherited and legally awarded property: cash out seasoning relief applies.<br>• Texas 50(a)(6) and 50(a)(4): not eligible.<br>*Refer to Section 3 of the FlexIQ Non-Agency Underwriting Standard.* |
| **19. Incidental Cash Back**<br>Back to Top | • Rate Term cash to borrower may not exceed the greater of 1% of the new loan amount or $5,000.<br>• 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.<br>• Incidental cash back may not be counted toward reserves. |
| **20. Properties Listed for Sale**<br>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.<br>• Rate Term: LTV/CLTV on the lower of the list price or appraised value.<br>• Cash-Out: 5% LTV/CLTV reduction; LTV/CLTV on the lower of the list price or appraised value. |
| **21. Property Flipping**<br>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 only where the sales price is not increased and no transfer fee is charged.<br>• 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.<br>• Resale price increases above 10% (past 90 days) or above 20% (past 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.<br>*Refer to Section 3.1.2 of the FlexIQ Non-Agency Underwriting Standard.* |
| **22. Eligible Subordinate Financing**<br>Back to Top | • Existing subordinate financing may be subordinated to the subject loan and recorded; executed subordination agreement and a copy of the subordinate note required. CLTV within the grid; HELOC on the full line amount. |
| **23. Ineligible Subordinate Financing**<br>Back to Top | • New subordinate financing<br>• Any subordinate financing behind an Interest Only first lien<br>• Private party financing; financing with a prepayment penalty, balloon financing, or negative amortization |
| **24. Ineligible Transactions**<br>Back to Top | • Non-arm's length transactions; Texas 50(a)(6) and 50(a)(4); lease options and rent to own; interim and one-time close construction; purchase contract assignments where the sales price is increased or a transfer fee is charged; builder bailout<br>• Graduated payment; simple interest; more than 3 monthly payments paid in advance; temporary buydowns; ground leases (other than eligible leasehold properties); a PACE obligation remaining after closing; New York Subprime loans; CEMA transactions<br>• Any transaction where the borrower, a family member or an entity owner occupies or intends to occupy the property, or any portion of cash out is used for personal, family or household purposes |
| **25. Occupancy**<br>Back to Top | • Investment property only, 1-4 units, not occupied by the borrower, any family member or any entity owner at any time under any circumstance. Occupancy is certified on the application, in the Business Purpose and Occupancy Affidavit, and at closing. |
| **26. Eligible Property Types**<br>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); agricultural zoned properties meeting Section 9.1.6<br>• One-unit property with up to two accessory dwelling units (ADUs; 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; AirDNA bedroom count includes all ADUs. 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 |

## Product Highlights

| Topic | Guidelines |
|---|---|
| | complies with zoning and permits are verified where required, with market rent itemized for each ADU where two produce income (Standard 9.1.3).<br>• Rural properties up to 5 acres: purchase and Rate Term maximum 75% LTV/CLTV; Cash-Out maximum 70% LTV/CLTV<br>• Minimum living area: 500 square feet single family and condominium; 400 square feet per unit on 2-4 units<br>• Non-warrantable attached condominium: maximum 75% LTV/CLTV |
| **27. Ineligible Property Types**<br>Back to Top | • Cooperatives; mixed use; mobile and manufactured homes and manufactured home projects; working farms, ranches, orchards and commercial agricultural operations; commercial or industrial zoned property; properties over 5 acres<br>• Unique properties (barndominiums, geodesic domes, earth-sheltered and berm homes, and any property with no comparable sales); lease with option to buy; unremediated environmental contamination; timeshares and fractional ownership; leasehold on Tribal land; assisted living and licensed care facilities<br>• Resale restricted property other than a Housing for Older Persons Act community, 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 C5 or C6; quality Q6<br>• Properties using short term rental income where the local ordinance does not allow short term rental; shared-pad and pad-split arrangements, individual room rentals, and bed and breakfast operations |
| **28. Condominium Projects**<br>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).<br>• 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.<br>**Non-warrantable limits**<br>**Characteristic** / **Warrantable** / **FlexIQ Limit**<br>Commercial or nonresidential space / 35% / 50%<br>HOA dues 60 or more days delinquent / 15% of units / 25% of units<br>Investor concentration, established projects, investment transactions / 50% / 70%<br>Single entity ownership / 20% / 49%; 65% on non-gut conversions<br>New project presale / 70% sold or under contract / 30% sold or under contract<br>HOA reserve allocation / 10% of budget / 5% fully funded; 8% at least 50% funded; 10% otherwise<br>• 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.<br>**Condominium hotel (condotel)**<br>• 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 3 comparable properties; voluntary rental participation; project documents may not limit owner occupancy (no black-out periods), and the borrower may not occupy the unit on a DSCR 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. Short term rental income may be used; 12 months of operator remittance statements preferred where the unit is in a rental program.<br>*Refer to Section 9.1.3 of the FlexIQ Non-Agency Underwriting Standard.* |
| **29. Eligible Borrowers**<br>Back to Top | • U.S. citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens with an acceptable visa (Section 4.4.2), 2 year credit history, no LTV/CLTV reduction; refugees and asylees<br>• Inter vivos revocable trusts<br>• Entities: LLC, corporation or partnership with a personal guaranty from each guarantor (refer to Vesting)<br>• Prior homeownership: at least one borrower or guarantor must have owned residential real estate in the United States for at least 12 consecutive months in the 3 years before the note date; rental history alone does not qualify.<br>*Refer to Sections 4 and 10.3 of the FlexIQ Non-Agency Underwriting Standard.* |
| **30. Ineligible Borrowers**<br>Back to Top | • A loan where every borrower and guarantor is a First Time Homebuyer; a First Time Investor living rent free<br>• Foreign nationals with no residency status in the U.S.; non-U.S. citizens without lawful residency; diplomatic immunity; DACA and Temporary Protected Status; visa classifications not on the acceptable list; ITIN borrowers |

| Product Highlights | |
|---|---|
| **Topic** | **Guidelines** |
| | • Irrevocable trusts, land trusts (including Illinois land trusts), blind trusts, life estates, nonprofit entities, IRAs<br>• Persons sanctioned by OFAC and persons residing in an OFAC sanctioned country; any material party on an exclusionary list; borrowers using a private credit repair company to rescore or repull the credit report; employees of the originating broker or correspondent financing through their employer, and the other conflicts of interest in Section 2.7 |
| **31. Investor Experience**<br>Back to Top | • Experienced Investor: at least 12 consecutive months of documented ownership and management of commercial or residential rental real estate in the United States within the 3 years before the note date, evidenced by, for example, third-party data, a lease in effect 12 months, 12 months of rental receipts, 12 months of short term rental remittance statements, or Schedule E.<br>**First Time Investor (prior homeownership met, no landlord history)**<br>• Minimum 680 credit score; maximum 75% LTV/CLTV; minimum 1.00 DSCR; minimum 12 months reserves; 0x30x12 housing history; 1-4 units; not living rent free<br>*Refer to Section 10.3 of the FlexIQ Non-Agency Underwriting Standard.* |
| **32. Vesting**<br>Back to Top | • Individuals, joint tenants, tenants in common, leasehold, inter vivos revocable trust, and entities (LLC, corporation, partnership)<br>• 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<br>**Entity vesting, investment property only**<br>• Formed for real estate ownership and management; domiciled in a U.S. state and in good standing; no more than 4 owners; guarantors own at least 25% of the entity, alone or combined across all guarantors as confirmed by the operating agreement, with signing authority; notarized personal guaranty from each guarantor where the note is not signed individually; each owner or member on the loan signs the security instrument; title in one entity only; up to 2 layers of entities, none layered with a trust<br>• 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<br>• 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.<br>*Refer to Section 4.8 of the FlexIQ Non-Agency Underwriting Standard.* |
| **33. Power of Attorney**<br>Back to Top | • Not permitted: vesting in a trust or entity; Cash-Out Refinance<br>• Purchase and Rate Term vested individually: permitted per Fannie Mae; borrower signs the initial 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 the attorney in fact not an interested party |
| **34. Credit Score**<br>Back to Top | • Classic FICO only. Minimum 2 scores; at least one borrower with 2 scores.<br>• Representative score with multiple borrowers or guarantors: the highest of the individual representative scores (each the lower of 2 or middle of 3); a borrower or guarantor with fewer than 2 scores is not used<br>• One frozen bureau permitted where 2 scores report. A repulled report with a lower score must be used. |
| **35. Housing Payment History**<br>Back to Top | • Payment history is required on the subject property and the borrower's primary residence only, maximum 1x30x12. Any other mortgage on the credit report: maximum 1x30x12. Other real estate is not required on the 1003. Loans with a 1x30x12: maximum 75% LTV/CLTV. Existing payments must be current at application and the month before closing.<br>• History not on the credit report: servicer history; note or lease with 12 months of cancelled checks, bank statements or electronic pay history; a third-party VOM/VOR; or a private party VOM/VOR with 12 months of cancelled checks, bank statements or electronic pay history (a private party VOM/VOR alone is not acceptable).<br>• Inquiry letters of explanation are not required.<br>*Refer to Section 5.4 of the FlexIQ Non-Agency Underwriting Standard.* |
| **36. Significant Derogatory Credit**<br>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.<br>• Seasoning: 36 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.<br>• 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. Past due balloon treated as 1x30 only where paid or refinanced within 180 days of maturity with all payments made and written note holder confirmation. |
| **37. Derogatory Credit and Collections**<br>Back to Top | • Collections and charge-offs may be disregarded unless title is impacted. Judgments, liens and delinquent property taxes affecting title must be paid at or before closing. Payoff of subject property taxes 60 or more days past due from loan proceeds makes the transaction a Cash-Out Refinance; taxes more than 12 months delinquent as of the note date require an exception (Standard 5.4.1). |

## Product Highlights

| Topic | Guidelines |
|---|---|
| | • Past due revolving and installment accounts must be brought current. |
| **38. Assets** Back to Top | • Statements within 120 days of the note date covering 30 days; quarterly statements and a VOD acceptable. Eligible asset types and percentages follow Section 6.1 of the Standard.<br>• Business funds: 100% of entity assets where the entity is on title. Vested individually: borrower at least 25% owner, funds times ownership percentage, access letter from all other owners where the borrower owns less than 100%.<br>• Foreign assets: transferred to a U.S. institution 10 days before closing, held at a foreign bank with FDIC insured U.S. branches, or wired to the closing agent; 60 days seasoning; certified translation; no OFAC countries.<br>• Cryptocurrency: Bitcoin and Ethereum on a U.S. regulated exchange; 100% of liquidated proceeds for closing; 60% of value for reserves.<br>*Refer to Section 6 of the FlexIQ Non-Agency Underwriting Standard.* |
| **39. Gift Funds** Back to Top | • Down payment and closing costs on purchase transactions only; not reserves. Minimum 1.00 DSCR.<br>• LTV/CLTV 75% or below: 100% gift permitted. Above 75%: 10% minimum borrower contribution.<br>• Gift letter, 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). Donor: relative, domestic partner or fiancé; not an interested party.<br>• Gift of equity and trade equity are not permitted. |
| **40. Large Deposits** Back to Top | • No threshold applies. Deposits must be reviewed to determine whether any deposit appears to be a gift or an undisclosed liability; where it does, the loan file must contain the documented rationale, a borrower letter of explanation, or the additional documentation needed to resolve it. |
| **41. 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<br>• Margined, pledged or collateralized assets: not eligible for closing unless liquidated<br>• Reserves may not come from gift funds, 1031 exchange proceeds, or unsecured or revolving debt. |
| **42. Interested Party Contributions** Back to Top | • Maximum 6% at all LTV/CLTVs. Contributions above the limit are a sales concession and reduce the LTV basis dollar for dollar.<br>• Rent credits and security deposits transferred under the assignment of rents on a purchase are not interested party contributions; the borrower's minimum investment is verified first. |
| **43. Reserves** Back to Top | <table><tr><th>DSCR</th><th>Loan Amount</th><th>Months of PITIA</th></tr><tr><td>1.00 or above</td><td>$500,000 or less</td><td>3</td></tr><tr><td>1.00 or above</td><td>Above $500,000</td><td>6</td></tr><tr><td>0.75 to 0.99</td><td>$500,000 or less</td><td>6</td></tr><tr><td>0.75 to 0.99</td><td>Above $500,000</td><td>9</td></tr><tr><td>First Time Investor</td><td>All</td><td>12</td></tr></table><br>• Interest Only: calculated on the interest only payment plus taxes, insurance and association dues. Total required reserves capped at 15 months. Condotel: minimum 9 months total, inclusive of the grid. No additional reserves for other financed properties.<br>• Rate Term waiver: loan amount under $650,000; 0x30x24 on all mortgages, or 0x30 since inception where the subject was owned 12 to 24 months; subject payment decreasing; no prior bankruptcy, foreclosure, short sale, deed in lieu, pre-foreclosure or mortgage charge-off for any borrower or guarantor. Not available on Cash-Out. The First Time Investor and condotel requirements are not waived.<br>• Cash out proceeds may be used as reserves at any LTV/CLTV. Gift funds may not.<br>*Refer to Sections 6.8 and 10.6 of the FlexIQ Non-Agency Underwriting Standard.* |
| **44. Number of Financed Properties** Back to Top | • No limit on the number of financed properties where the subject is an investment property. |
| **45. Maximum Onity Exposure** Back to Top | • $7,500,000 in unpaid principal balance or 10 loans to one borrower, whichever is reached first, across all products and occupancies, including loans guaranteed by the borrower. No separate DSCR sub-limit. No exception. |
| **46. Maximum Condominium Exposure** Back to Top | • 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. |

| Product Highlights | |
|---|---|
| **Topic** | **Guidelines** |
| **47. Rapid Acquisition**<br>Back to Top | • 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.<br>• 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. |
| **48. Geographic Restrictions**<br>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.<br>• There are no city or county level occupancy restrictions. Investment properties are permitted in all eligible jurisdictions.<br>• 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.<br>*Refer to Section 4.2 of the FlexIQ Non-Agency Underwriting Standard.* |
| **49. State Restrictions**<br>Back to Top | • Texas 50(a)(6) and 50(a)(4): not eligible<br>• New York: loans meeting the New York Subprime definition are not eligible; CEMA transactions are not eligible<br>• Prepayment penalty state restrictions: refer to Prepayment Penalty<br>• Hawaii: Delegated Correspondent Sellers only (licensing) |
| **50. Appraisals**<br>Back to Top | • 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 must be on the UAD 3.6 URAR (the initial UCDP submission date controls, not the appraisal effective date); where the appraisal is not submitted to UCDP, the UAD 3.6 URAR is required when the appraiser's signature date is on or after November 2, 2026.<br>• 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.<br>• 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, a field review at the same tolerance or a second full appraisal; field review outside tolerance, a second full appraisal at the lower value.<br>• Two appraisals required above $2,000,000 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.<br>• 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.<br>*Refer to Section 9.2 of the FlexIQ Non-Agency Underwriting Standard.* |
| **51. Declining Markets**<br>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.<br>• Third-party valuation products, BPOs, AVMs, desk reviews and state designations do not establish a declining market. |
| **52. Escrow Holdbacks**<br>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.<br>• Non-Delegated Correspondent Sellers and all refinance transactions: not permitted. |
| **53. Escrow Waivers**<br>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.<br>• Flood insurance must always be escrowed. Escrows are mandatory on a Cash-Out Refinance paying property taxes 60 or more days past due. |
| **54. Mortgage Insurance**<br>Back to Top | Not required. |
| **55. Disaster Areas**<br>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.<br>• Any damage, including damage affecting safety or habitability or above $2,000, must be repaired and re-inspected before purchase. |
| **56. Property Insurance, Title and Taxes** | • Hazard insurance written as a landlord, rental dwelling or investor policy: the lower of 100% of insurable replacement cost or the unpaid principal balance, provided the amount is at least 80% of insurable replacement |

## Product Highlights

| Topic | Guidelines |
|---|---|
| Back to Top | 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. Flood required in a Special Flood Hazard Area. HO-6 on condominiums unless the master policy provides walls-in coverage.<br>• Title: 24 month ownership history; commitment and closing protection letter dated within 60 days of the note date.<br>• Taxes on land and all completed improvements including special assessments. A homestead or owner-occupancy exemption may not remain on a Business Purpose Loan. |
| **57. Revision History**<br>Back to Top | |

| Version | Date | Change |
|---|---|---|
| 7/8/2026 | Published 7/8/2026 | Original FlexIQ Non-Agency DSCR Product Description |
| 1.1 | 10/8/2026 | Rebuilt in product summary format. LTV/CLTV, credit score and DSCR grid unchanged from the 7/8/2026 publication. All other parameters restated from the FlexIQ Non-Agency Underwriting Standard, Version 1.1. Short-term rental overlay changed from the publication (1 unit only, minimum 1.00 DSCR) to 1-4 units at every DSCR band on the grid, following Verus; Rate Term cap lowered from 75% to 70% LTV/CLTV (Verus), purchase 75% and cash-out 70% unchanged. Changes are tracked in the FlexIQ Master Change Log. |