

YOUR HOSTS



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**You're
muted**

DISCLAIMER

- This training is for Mortgage Professional Use Only
- Information contained within this training is subject to change



**BANK STATEMENT & EXPRESS DSCR
TRAINING FOR BROKERS**

AGENDA

Bank Statement Program

Types of Accounts

Documentation

Process

Bank Statement Form & Worksheet

Methods of Qualification

Express DSCR Program

Overview

Compensation

Pricing & Locking

Disqualifiers



NonQM

Bank Statements

A loan for self-employed borrowers who
qualify utilizing cash flow analysis

Bank Statement Program

The perfect product for a Self-Employed Borrower
who finds it difficult to qualify traditionally.

Bank Statement Program

Highlights

- LTVs up to 90%
- 80% LTV on Cash Out, Condos & 2-4 Units
- Loan Amounts to \$3 Million
- Qualify with 12 months Bank Statements (*Personal, Business, or Commingled*)
- Minimum 25% Business Ownership Required
- 30 Year Fixed
- 30- & 40-Year Fixed Interest Only
- Cash Out for Reserves Allowed
- 1x30x12 on a Mortgage Allowed
- First Time Homebuyer Allowed

Types of Accounts

Personal Bank Statements

- Less than 100% ownership in business
- Use funds transferred from business account to personal for income calculation
- No expense factor required
- Provide 3 months business bank statements

Business Bank Statements

- Use all applicable deposits in business account x percentage of ownership @ 50% expense factor
- Can also obtain CPA letter to use lower expense factor





Commingled Accounts

What it is

- Borrower does not have separate business account
- Uses personal account for all business and personal transactions

What it's not

- Account with multiple individuals

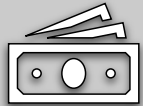
Income Calculated

- Uses same calculation method as business bank statements

Documentation



12 Months Personal Bank Statements – Bank Statements will be reflected in a borrower's name



12 Months Business Bank Statements – Bank Statements will be reflected in the business name



12 Months Co-Mingled Bank Statements – Bank Statements will be reflected in the borrower's name

Process

Complete the
[Bank Statement Form](#)



The Bank Statement Desk
calculates the income and
provides a certification



The Underwriter validates the
income provided on the
certification is the same as
what is on the loan submitted

Bank Statement Form

NonQM Bank Statement Income Calculator

Please complete all fields. Bank Statements can be securely uploaded at the end of the questionnaire. All requests submitted with a complete 12 months of bank statements will be completed within 24 hours.

Account Executive: * ▼

Company: *

Loan Officer: *

LO Phone#: *

LO E-mail: *

Add another contact:

[Add another email contact](#)

Bank Statement Form



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Wholesale Partner.**

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Conventional

FHA

VA

Axis DPA

NonQM Full Doc

NonQM Bank Statements

NonQM Express DSCR

NonQM 1099

NonQM 2nd

NonQM P&L

Add another contact:

[Add another email contact](#)

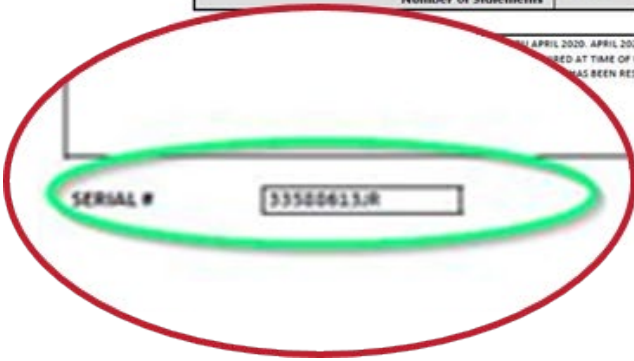


For Mortgage Professional Use Only

NATIONS DIRECT MORTGAGE		Business and "Co-Mingled" Bank Statement Income Calculator											
Loan Numbers:		Borrowers Last Name:				Wrkst Completed By:							
Borrowers Ownership Percentage		100.00%				Eligibility Messages		Eligible, meets minimum percentage ownership					
How many years business has been active		> 2 Years						Eligible, meets minimum years required to be active					
Expense Statement Percentage		50.00%						Verifying expense factor with CPA not required if expense ratio is deemed reasonable for borrowers business					
Total Business Bank Statement Deposits		\$151,511.79						Eligible, does not exceed max NSF's/Overdrafts allowed					
Qualifying Income		\$6,312.99						Opening Balance - Ineligible if opening balance is highlighted red (Doesn't match ending balance of previous month)					
ACCOUNT #1				Business Name				Bank Name				ACCOUNT NUM	
Year	Month	Opening Balance	Ending Balance	Monthly Deposits	Disallowed Deposits (enter transfers, unusual deposits, and one-time deposits as positive numbers)								
2021	March	\$ 347.10	\$ 31.58	\$14,955.00	\$500.00	\$497.00	\$100.00	\$6,558.00	\$200.00				
2021	February	\$ 96.65	\$ 347.10	\$11,101.90	\$3.90	\$200.00	\$100.00	\$500.00					
2021	January	\$ 101.81	\$ 96.65	\$6,682.00	\$1,200.00								
2020	December	\$ 17.26	\$ 101.81	\$13,382.55	\$500.00	\$180.00	\$100.00						
2020	November	\$ 119.06	\$ 17.26	\$12,373.58	\$200.00	\$200.00	\$100.00	\$300.00	\$200.00				
2020	October	\$ 377.23	\$ 119.06	\$16,100.37	\$200.00	\$250.00							
2020	September	\$ 75.72	\$ 377.23	\$10,812.24	\$100.00	\$300.00							
2020	August	\$ 200.94	\$ 75.72	\$19,198.00									
2020	July	\$ 62.96	\$ 200.94	\$25,256.00	\$300.00	\$500.00	\$2.00						
2020	June	\$ 114.36	\$ 62.96	\$13,364.61	\$200.00								
2020	May	\$ 148.66	\$ 114.36	\$10,718.22	\$200.00								
2020	April	\$ 39.58	\$ 148.66	\$20,792.22	\$300.00	\$1,480.00	\$5,665.00	\$1,700.00	\$40.00	\$350.00	\$1.00		
Number of Statements		Total Usual											

DISCLAIMER

APRIL 2020, APRIL 2021 BANK STATEMENT COULD BE REQUIRED AT TIME OF UNDERWRITING. CASH FLOW APPEARS TO GO IN AND COME OUT AT TIME OF UNDERWRITING TO VALIDATE THE FINANCIAL STABILITY OF THE BUSINESS. ONE OVERDRAFT IN FEB 2021 AND ONE IN APRIL 2021 HAS BEEN RESOLVED. The information provided by this calculator is for illustrative purposes only, and accuracy is not guaranteed. All income information are projections only and provided for comparison purposes only.



ALL BANK STATEMENT LOANS REQUIRE A CERTIFIED BANK STATEMENT CALCULATION

Example of Income Calculation Worksheet

Bank Statement Requirements

- **MUST ONLY HAVE 12-MONTHS**
- UW will condition if not available
- Oldest Bank Statement should be no older than 60 days as of the Note date

Submission Date	Bank Statement End Date	Note Date must be on or before
May 15 th	April 30 th	June 29 th
May 15 th	March 30 th	Will be conditioned for April Bank Statement

DO NOT PROVIDE THESE DOCUMENTS FOR THE SELF-EMPLOYED BORROWER



- Tax Returns
- Paystubs
- W-2's

Methods of Qualification

Method I

50% Expense Ratio:

Multiply deposits by a 50% expense ratio

Then multiply by the borrower's ownership percentage

Divide by 12

No further documentation is required

Method II

Obtain an Expense Factor Statement from tax professional

Multiply deposits by the expense ratio.

Deduct that figure from the total deposits.

Multiply by the borrower's ownership percentage

Divide by 12

Validate tax professional's licensure

Expense Statement to verify:

- Licensed Tax Professional's Information
- The expense factor (if less than 50%)
- The years in business and/or ownership percentage
- If using business funds for reserves, down payment or funds to close for the transaction must address it will not have a material adverse impact on the business' operations

RICKY BOBBY ACCOUNTING COMPANY
123 PARK AVENUE
NORTHBROOK, IL 60062
847-555-4321

August 20, 2020

To Whom It May Concern:

This letter is to verify that I have reviewed the financials for the last five years for:

*John Doe Design Services
123 Main St.
Northbrook, IL. 60062*

This business has been in operation for six years in the state of Illinois. Their current expenses do not exceed 28% of overall revenue.

If funds from the business were needed to be used in some form toward the closing of this transaction, there would be no adverse financial implications from drawing funds from the business accounts.

Sincerely,

Ricky Bobby

Ricky Bobby

CPA License #5678ABC



Niche

- Provided qualifying income up front
- Fast turn times at Bank Statement Desk
- Average turn time from submission to fund is one of the best in the industry
- Cash out can be used to meet the reserve requirement
- Gift funds allowed on all occupancies



NonQM

Express DSCR

For Borrowers with Positive Cash Flow
Properties

Express DSCR Program Overview

- Business Purpose Transaction means no TRID rules
- PPP permitted in some states

Prepayment Penalty	5% fixed percentage of entire outstanding principal balance.
	Allowed in- AL, AZ, CA, CO, CT, DC, DE, FL, GA, HI, ID, IL (Closing in an LLC only), IN, KY, LA, MA, MD (Maximum 3 Years), ME, MN (Loan Amount >\$647,200), MT, NC, NJ (Closing in an LLC only), NV, NY, OK, OR, PA (Loan Amount >\$312,159), SC, TN, TX, UT, VA (Loan Amount >\$75,000), WA, WI, WV, & WY. 1 to 5 year prepayment terms available.

- Simplified Process Flow

Calculating the DSCR Factor

Debt Service Coverage Ratio is the Monthly Gross Income divided by the PITIA/ITIA of the subject property

- Refinances must use the lower of the Lease Agreement or 1007
- Purchases use the 1007

This ratio must be no less than .75

$$\frac{\text{RENTS}}{\text{PITIA}} = \text{RATIO}$$

Compensation

MORE COMPENSATION AVAILABLE!

- Earn compensation on the front end through origination fees and back end through YSP
- Must be Borrower Paid Compensation
- Maximum 5% Points and Fees including
 - Borrower Paid Comp
 - Yield Spread Premium
 - Processing or Admin fees paid to Broker
 - Lender Underwriting Fees, and
 - Lender Discount Points

Licensing & Broker Requirements

- Licensing only required in certain states
- Complete & Sign the Broker Addendum Agreement and send to your Account Executive

Originate More Loans!

- Provide Express DSCR / No Ratio Certification on all loans

Pricing & Locking

- Price loans the same as you do all NonQM products – look for ***NonQM Express DSCR***
- The loan can be locked once it has been approved by underwriting
- The YSP will be documented on the Rate Lock Form



DSCR Only

Loan Information Values

Yield Spread Credit Amount Total (\$)

5250.00

Yield Spread Credit Percent Total (%)

3.500

Yield Spread Credit Broker Amount (\$)

3000.00

Yield Spread Credit Broker Percent (%)*

Add/Edit YSP Broker Percent

2.000

Yield Spread Credit Borrower Amount (\$)

2250.00

YSP Allocations

DSCR DISQUALIFIERS

No First Time Homebuyers Allowed

Borrowers intending to occupy the property (Reverse Occupancy)

Non-warrantable Condos

Escrow Holdbacks

DSCR Factor below .75

Properties with a condition rating of C5 or C6

Heavy deferred maintenance, health and safety issues, large cost to cure even if appraised AS/IS

Rural in location or characteristics

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Get Approved

STEP 01

Please complete these two forms, so we can create your logins.
Once this is completed, you will be able to start submitting.

[Compensation Form](#)

[Contact Form](#)

Send Forms once complete to:

ApprovalDesk@myndm.com

If your company wishes to partner, we welcome you to complete our application by clicking on the button below. Thank you for considering Nations Direct Mortgage.

[Broker Package](#)

[Branch Addition Form](#)

[Express DSCR Addendum](#)

[Annual Recertification Agreement](#)



Thank You