NATIONS DIRECT MORTGAGE

UNDERSTANDING NONQM

Expanding Opportunities Beyond Traditional Lending

YOUR HOSTS

Tascha Bartek

Director of Corporate Training

Michelle Berry

VP – Alternative Lending

DISCLAIMER

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

You will receive a link to the recording of the training, as well as a link to the presentation deck, tomorrow.

Watch for a follow up email from Zoom! ☺

AGENDA

General Guideline Information

Overview of Each NonQM Program

Full Doc

Bank Statement

Express DSCR

1099

Profit and Loss

Avoiding Pitfalls

Tips & Tricks

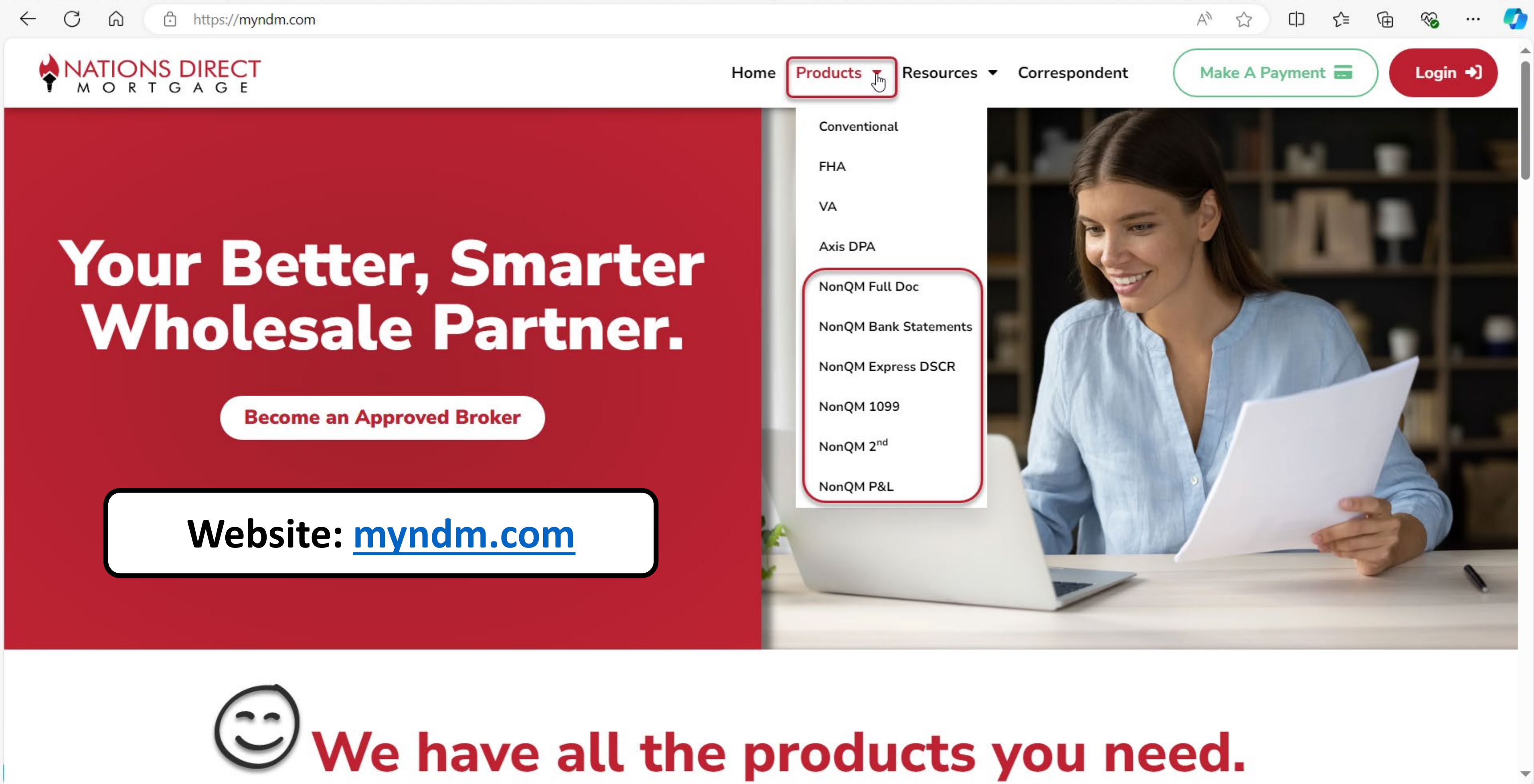
How to Become an Approved Partner

Q & A

WHY NONQM?

For Mortgage Professional Use Only

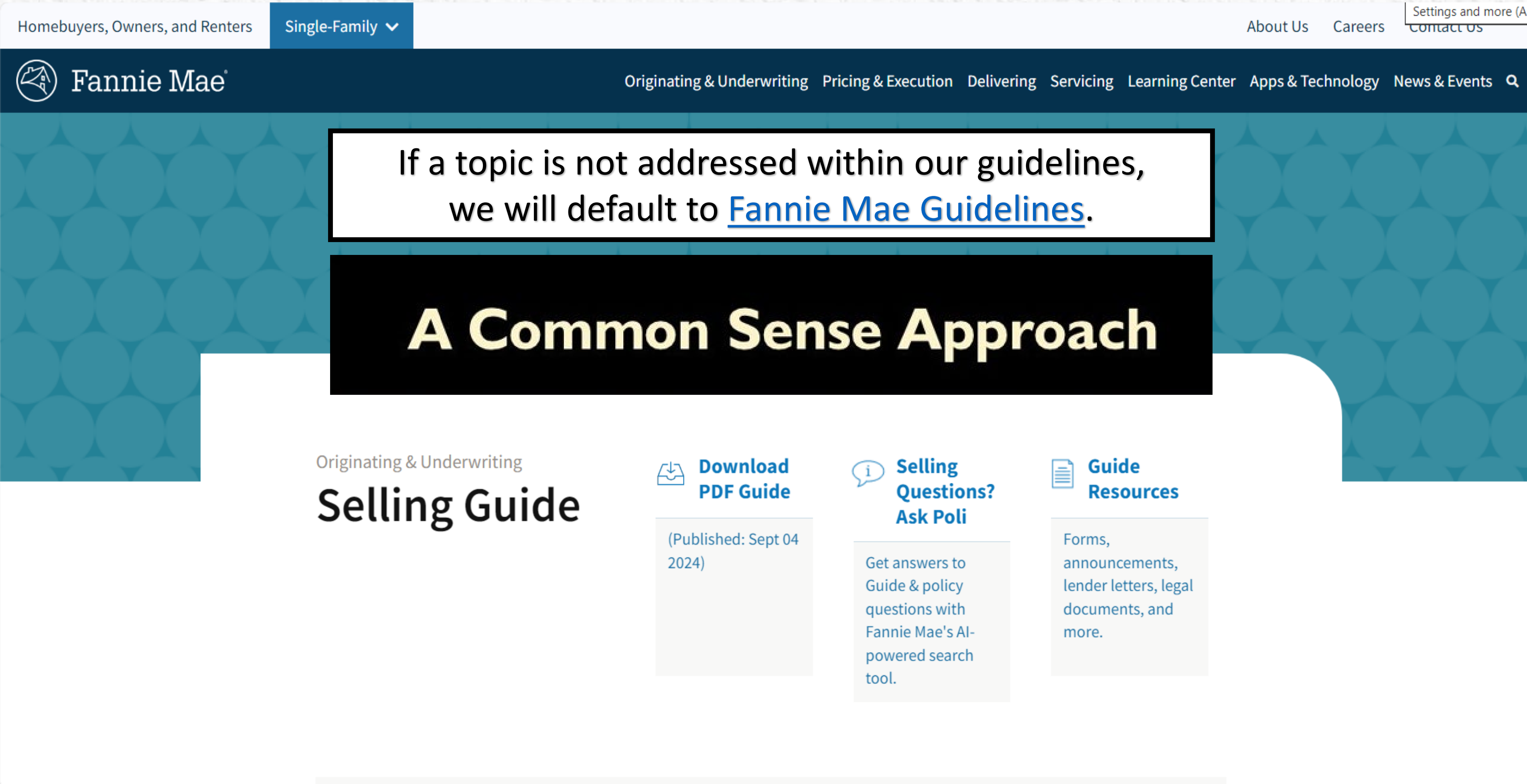
General Guideline Information



General Guideline Information

If a topic is not addressed within our guidelines, we will default to [Fannie Mae Guidelines](#).

A Common Sense Approach



Full Doc ~ *A Wonderful Alternative to Jumbo Loans*

- Loan amounts up to $4MM
- Relaxed credit requirements
- Reduced reserve requirements
- Gift funds permitted for down payment
- Reduced documentation requirements

These loans are much more accessible than a non-agency Jumbo

Full Doc Program Highlights

Up to 55% DTI

Interest Only Available

Loan Amounts to $4 Million

- Minimum FICO 660
- LTVs to 90% with no MI required
- Cash out for reserves permitted
- Cash out to 80% LTV
- Allows 1- or 2-year income documentation
- Allows asset utilization to supplement income

Guidelines are Subject to Change

Poll Question

What program can you use if the borrower has not filed their tax returns, and we do not have transcripts?

- Full Doc
- ***Bank Statement***
- Express DSCR
- 1099
- Profit & Loss

Bank Statement Program
NO Taxes, NO Transcripts, NO PROBLEM!

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

Qualify using Personal or Business Bank Statements.

Additional Training for this Program:
[Bank Statement and Express DSCR Program Training]

FICO® starting at 660

Purchase Money & Rate/Term Refi to 90% LTV

Loan Amounts to $4MM

Highlights

- Cash Out to 80% LTV
- 85% LTV Condos & 2-4 Units
- Non-Warrantable Condos to 80%
- 1x30x12 on a Mortgage Allowed
- First Time Homebuyer Allowed
- Declining Markets Allowed
- 30 Year Fixed, or 30 & 40 Year Fixed Interest Only
- Qualify w/ 12 Months Bank Statements: Business, Commingled, Personal
- Min 25% of Business Ownership
- Cash Out for Reserves OK

Guidelines are Subject to Change

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: * Please select...

Company: *

Loan Officer: *

LO Phone#: *

LO E-mail: *

Add another contact:

Add another email contact

Broker NMLSID: *

Borrower #1 First and Last Name: *

Borrower #2 First and Last Name: *

Bank Statement Calculator must be completed by the Bank Statement Desk prior to submission to underwriting

Poll Question

What does the acronym DSCR stand for?

- Debt Sustainability and Credit Rating
- Debt Strategy and Credit Risk
- Debt System and Cash Ratio
- ***Debt Service Coverage Ratio***

Express DSCR Program
Perfect Solution for Real Estate Investors

- This program is considered Business Purpose; therefore, it ***does not follow TRID rules***
- Follows a simplified process which can go from application to close ***very quickly***
- To qualify for DSCR, the borrower must meet the requirements based on their investor experience

First Time Investor	Min 680 credit score, and can document ownership and a 0x30 mortgage history for a primary residence for a minimum of 12 months within the last three years.
Investor Experience	At least one applicant must have a 12 month history of managing/owning rental properties in the most recent three year period. No First Time Homebuyers allowed.

Non TRID - *Close Fast!*

Purchase Money & Rate & Term to 80% LTV

Loan Amounts to $3.5 Million

- Minimum loan amount $100,000
- Rural Purchase, Rate and Term and Cash Out
- 75% LTV for all refinances on Condos and 2-4 Units
- Reduced reserves of 3 months on loan amounts less than or equal to $500k
- Interested Party Contributions has been increased to 6% on purchases
- Closing in an LLC does not require all members to be on the loan

Guidelines are Subject to Change

No Licensing Required States

- Alabama
- Colorado
- Connecticut
- Delaware
- District Of Columbia
- Florida
- Georgia
- Hawaii
- Illinois
- Indiana
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Michigan
- New Hampshire
- New Jersey
- New Mexico
- New York
- Ohio
- Oklahoma
- Pennsylvania
- Rhode Island
- South Carolina
- Tennessee
- Texas
- Virginia
- Washington
- West Virginia
- Wisconsin
- Wyoming

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

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

This ratio must be no less than .75

CLICK HERE to access the DSCR Calculator online

Additional Training for this Program is included in the
Bank Statement and Express DSCR Program Training

Poll Questions

Let's have some fun and do some DSCR calculations… Get your calculator ready!

If your borrower has gross rents of $3,300 and a PITIA of $4,386.10; what is the DSCR?

- .329
- ***.752***
- 1.329
- 1.752

Poll Questions

Let's have some fun and do some DSCR calculations… Get your calculator ready!

If your borrower has gross rents of $2,950 and an ITIA of $2,906.55; what is the DSCR?

- .014
- .985
- ***1.014***
- 1.985

Poll Questions

Let's have some fun and do some DSCR calculations… Get your calculator ready!

If your borrower has gross rents of $2,200 and an PITIA of $3,000; what is the DSCR?

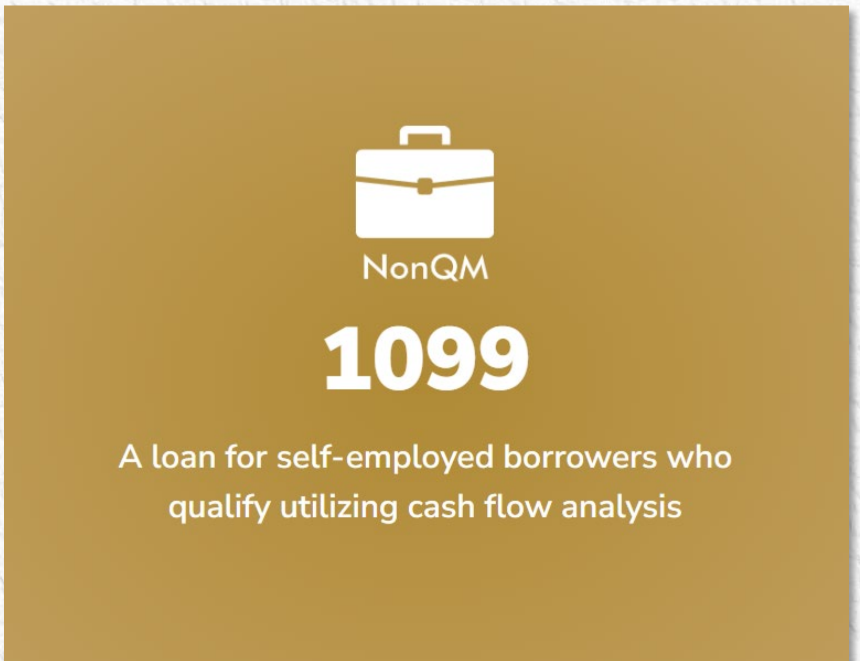
- ***.733***
- 1.363
- .363
- 1.733

Poll Question

Which scenario does not qualify for an Express DSCR loan?

- Scenario 1 with a .752 ratio
- Scenario 2 with a 1.014 ratio
- ***Scenario 3 with a .733 ratio***

Contractor or Freelancer?
The 1099 Program is the answer!



- Use the 1099 and YTD Income to calculate income vs. the tax returns
- Requires an IRS transcript to verify the 1099 has been filed
- A standard 10% expense factor applies

FICOs starting at 660

Interest Only Available

Tax Returns Not Required

- LTVs to 85%
- Loan amounts to $4 million
- Blended income OK
- Qualify using either One or Two Years 1099
- Multiple 1099's from multiple sources can be used for qualifying

[Guidelines are Subject to Change]()

Profit & Loss Program *Least Amount of Documentation Required!*

- Qualify using Profit & Loss Statement completed by the borrower's licensed tax preparer
- ***No transcripts required!***
- Expense Factor must be at least 20% for service-related businesses, and 40% for product-based businesses.
- Licensed Professionals must provide license

Min Score 660

LTV up to 80%

Loan Amounts to $3 Million

- 12-month Profit and Loss used for income qualifying
- Allows for 1x30x12 on a mortgage
- Cash out can be used for reserves
- Interest Only available

Guidelines are Subject to Change

Which program would you choose?

You have a borrower who receives a 1099 for income, but they have not filed their tax returns.

Which program would you choose?

- Full Doc
- ***Bank Statement***
- Express DSCR
- 1099
- Profit and Loss

Which program would you choose?

You have a borrower who purchased a $4 million dollar investment property in the last 2 years and would like to refinance the property?

Which program would you choose?

- ***Full Doc***
- Bank Statement
- Express DSCR
- 1099
- Profit and Loss

Which program would you choose?

If you have a self-employed borrower who:

- **Has increased YTD earnings**
- **Is on extension for the previous year tax filing (unable to provide returns or transcripts)**
- **Does not have a business bank account and uses multiple personal accounts for their business, and**
- **Has a CPA**

The best option is the Profit & Loss Program.

Avoiding Pitfalls

Know your borrower and their story

Tips on Getting the DEAL DONE!

- The more complete a file is, the faster it will go through the process
- Do your homework on the property to be prepared for any anomalies
- When doing a Bank Statement loan, it goes to the Bank Statement Desk FIRST
- Provide documentation to support % of ownership and/or proof of self-employment

How to Become an Approved Broker?

Our Website: myndm.com

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 tner, we welcome you to complete our application by clicking on the button below. Thank you for considering Nations Direct Mortgage.

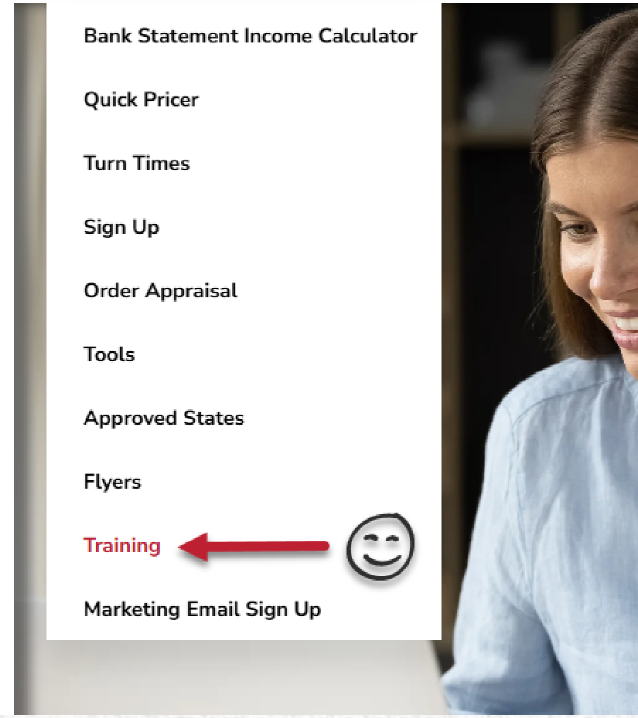
Broker Package

Branch Addition Form

Express DSCR Addendum

Annual Recertification Agreement

Home Products Resources Non-Delegated Correspondent



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THANK YOU