

# CORRESPONDENT BANK STATEMENT



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# The ONE Lender Makes You the ONE to Call

- Nationwide footprint
- Loan Programs to help you stand out from the competition
- Competitive Rates and Programs, Exclusive Proprietary Programs
- The strength of a lender that's been around for over 30 years!



# AGENDA

- **Bank Statement Program Types/Income Calculation Methods**
- **General Eligibility Requirements**
- **NEW!! One Year Bank-Statement Program**
- **Bank Statement Types**
  - Personal
  - Business
  - Co-Mingled/Blended
- **12-Month Program**
  - Income Calculation/Expense Factor
  - Expense Statement Letter
  - P&L
- **3-Month Program**
  - Income Calculation/P&L
- **Large Deposits and NSF Rules**
- **Submission Requirements and Overview**



BANK STATEMENT

# Bank Statement

## Bank Statement Program Types/Income Calculation Methods

### **12-Month Bank Statement Program**

Fixed Expense Factor Calculation

Expense Statement from a 3<sup>rd</sup> party tax preparer/CPA

P&L from a 3<sup>rd</sup> party tax preparer/CPA

### **3-Month Bank Statement Program**

P&L from a 3<sup>rd</sup> party tax preparer/CPA



BANK STATEMENT

# Bank Statement

General Eligibility Requirements

**NanQ Corr SG 8.6**

At least one of the borrowers must be self-employed

3- and 12-Month Program: Proof of 2 years self-employment required

NEW!! 1 Year SE: Only 1 year SE required with A+ grade. (See NanQ Matrix)

Borrower must own at least 25% of the business

Borrower must list income on the 1003

**Please Note:** Tax returns and 4506-C are **NOT** required for this program. If tax returns and/or transcripts are provided, the loan will be ineligible for the Self-Employed Bank Statement Program.



# Bank Statement

## Bank Statement Types

**Personal bank statements** are statements that primarily contain a borrower's income deposits and **only** show payments for expenses directly related to the borrower's personal finance and other non-business-related activity.

**Business bank statements** will contain credit and debit activity directly related to the business which they are associated with. This may include deposits for the business and business-related expenses like payroll or other capital expenses in order to run and maintain the business.

**Co-mingled bank statements** contain both personal and business activity. A personal bank statement may contain business-related expenses. When they are used to qualify income and business-related transactions are identified it is considered 'comingling'. The personal bank statement method of income calculation can NO longer be used, and the business-related method must be used to qualify.



# NEW! 1-Year SE Bank Statement Program

NanQ Corr SG 8.6.7

Please Note: Tax returns and 4506-C are NOT required for this program. If tax returns and/or transcripts are provided, the loan will be ineligible for the Self-Employed Bank Statement Program.

# Bank Statement

## NEW!!! One Year Self-Employed Program

- **ONLY** allowed with 12-month bank statement program.
- Proof of only ONE Year Self-Employment required!!
- Borrower must be 100% owner
- Allowed with A+ grade, Min 660 Fico, Max LTV up to 80%.
- Up to \$4MM loan amount (Min \$125,000)
- Rate/Term Refinance and Cash Out available
- Must be self-employed for a minimum of 12 months
- Previous full year W-2 employment, same profession required
- Most recent income must be greater than previous year's W-2 earnings
- Income Calculations follows LSM Alt-Doc guidelines





# Bank Statement

## Additional Eligibility Detail: 3- and 12- Month Programs\*

- Pricing Program: **Alt Doc**
- Purchase, Rate/Term, and Cash-out Refi available
- Non-occupant co-borrowers are allowed
- Couple with **Asset Utilization** for extra income (**SG 8.7**)
- Transfers from Business to Personal is allowed
- **Multiple accounts** for the same business are acceptable
- **Business license and most recent company formation documents for LLC, Corp, or S-Corp is required for ALL PROGRAMS.**

## Restrictions\*

- Min **FICO 600** (Primary wage earner)
- **Max DTI up to 50%** (Restrictions apply)
- Non-profit businesses are **ineligible**
- Other names on bank statements used to qualify:
  - 100% access letter required
  - LOE required from individuals on account. Relationship, employment, association with business?, do they contribute to the bank account?
  - Any deposits in the name of the other parties are to be excluded

\*Refer to **LSM NanQ Matrix** to determine FICO, credit grades, Max LTV and Max DTI along with **NanQ SG section 8.6** for full guidelines.





# 12-Month Bank Statement Program

NanQ Corr SG 8.6.2

**Please Note:** Tax returns and 4506-C are NOT required for this program. If tax returns and/or transcripts are provided, the loan will be ineligible for the Self-Employed Bank Statement Program.

For external use only

# Bank Statement

## Personal Bank Statements: 12-Month

When using personal bank statements, we can use 100% of qualifying deposits.

**Borrower's Qualifying Income** would be **lower** of **qualifying deposits** from most recent 12 months personal bank statements and income entered on **1003**. Qualifying income **may not exceed** income listed on 1003.

To support the personal bank statements, we need:

- Two months of business bank statements;
  - Must evidence activity to support business operations
  - May reflect transfers to the personal account
- Business license and most recent company formation documents for LLC, Corp, or S-Corp.
- If the statements include additional names other than the borrower(s), the following is required:
  - 100% access letter from individual(s) included on statements
  - LOE from individual(s) included on statements explaining their relationship with the borrower(s), if they are employed or not, if they are associated with the business, and if they contribute income to the bank account.
  - Any deposits in the name of the other parties are to be excluded





# Bank Statement

## Business Narrative Letter

**SELF-EMPLOYMENT BUSINESS NARRATIVE,  
QUESTIONNAIRE, AND CERTIFICATION**

1. Describe the business. Please provide as much detail as possible

2. Does the business have a physical location? ☐ Yes ☐ No  
a. If Yes, does the business have more than one physical location? ☐ Yes ☐ No  
b. What is the address of your physical location?

3. How many people work for you?  
a. Full-time:   
b. Contractors:

4. Does the business manufacture a product that has a cost of goods? ☐ Yes ☐ No  
5. Does the business resell a product? ☐ Yes ☐ No  
6. If the business address is different than the home address, please explain the use of the business address.

7. What percentage of the business do you own?

8. Is there anything else about the business that is important to know to analyze the bank statements?

I/We hereby certify that this information is true, accurate, and complete. I/We understand that any misrepresentation made in this questionnaire may result in declination of our loan application.

Borrower Printed Name  Co-Borrower Printed Name

Signature  Date  Signature  Date

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\*Located on LSM Client Portal in the Documents tab



# Bank Statement

## Fixed Expense Ratio - Business/Co-Mingled: 12-Month Program

Underwriter will evaluate the qualifying income of borrower/business using the **Fixed Expense Ratio Table** shown below for business related deposits. The expense factor used will be determined through the review of the **completed business narrative form**.

\*If the expense factor allows the borrower to qualify then no further expense analysis is required.

Fixed Expense Ratio Table			
<u>Number of FTE*/Contractors</u>	<u>0 - 1</u>	<u>2 - 10</u>	<u>10+</u>
Service Business	20%	40%	60%
Product Business	30%	50%	70%

\*FTE= Full Time Employee

Service Business Examples: Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, IT etc.

Product Business Examples: Retail, food services/restaurants, Manufacturing, Contracting/Construction etc.

SG 8.6.5



# Bank Statement

## Borrower's Monthly Qualifying Income Calculation - Business/Co-Mingled: 12-Month

1. First, determine the **Business Gross Monthly Qualifying Income** by using the **lower** of **A** and **B**:

A. Average Allowable Monthly Deposits – Total Expenses from Bank Statements divided by 12:

$$\frac{\text{Total Allowable Deposits} - \text{Total Expenses}}{12}$$

B. Monthly Net Income Stated on the 1003

2. Next, determine the **Business Net Income**

Business Gross Monthly Qualifying Income X Fixed Expense Ratio (table previous page) =  
**Business Fixed Expense**

Business Gross Monthly Qualifying Income – Business Fixed Expense =  
**Business Net Income.**

3. Then, determine the **Borrower's Monthly Qualifying Income**

Business Net Income X Borrowers Percentage of Ownership of the Business =  
**Borrower's Monthly Qualifying Income**





# Bank Statement

## Monthly Qualifying Income Calculation - Business/Co-Mingled: 12-Month Program

### Borrower's Monthly Qualifying Income:

Lesser of average allowable monthly deposits and 1003 income multiplied by expense ratio for type of business and number of employees found on the business narrative. Subtract that number from the business qualifying income and multiply by the borrower's percentage of business owned also found on the business narrative.

### Example:

Average Allowable Monthly Deposits = \$10,000

1003 Income = \$12,000

Borrower has 9 employees and is in a Service Business = 40%

Borrower owns 80% of the business

**Borrower's Qualifying Income = \$4,800**

\$10,000 (lower of Average Allowable monthly deposits and 1003 income) x 40%

(expense ratio for a service business with 9 employees) = \$4,000 (Expense Factor)

\$10,000 (Business Qualifying Income - \$4,000 (Expense Factor) = \$6,000 (Business Net Income)

\$6,000 x 80% (percent of business owned) = \$4,800

### Fixed Expense Ratio Table

Number of FTE*/Contractors	0 - 1	2 - 10	10+
Service Business	20%	40%	60%
Product Business	30%	50%	70%

Service Business Examples – Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, IT, etc.

Product Business Examples – Retail, Food Services/Restaurant, Manufacturing, Contracting/Construction

\*FTE= Full Time Employee

# Bank Statement

## Rebuttals: Business/Co-Mingled

### Table not enough?

If the type of business has a materially different expense factor, two rebuttal options are listed below. Should the underwriter uncover any red flags which require further review, the underwriter may request additional documentation.

- Rebuttal Option 1: **Business Expense Statement Letter** from tax professional or a Properly Licensed Accounting/Bookkeeping Firm supervised by a certified accountant with 12 Months Bank Statements  
(24 Months Bank Statements if required by underwriter)
- Rebuttal Option 2: Tax Professional/CPA's/Properly Licensed Accounting/Bookkeeping Firm supervised by a certified accountant **12 Month profit and loss (P&L) statement**  
(24 months if required by underwriter)



# Bank Statement

## Rebuttal 1 - Business Expense Statement: Business/Co-Mingled

**Provide a Business Expense Statement Letter from a Tax Professional or a Properly Licensed Accounting/Bookkeeping Firm supervised by a Certified Accountant along with 12 Months Bank Statements.**

- Provide on company letterhead showing company name
- Include individual's license number if applicable
- Ensure it includes the borrower's percentage of business owned and the expense factor ratio
  - Expense factor lower than 15%?
    - Understanding of the business by a tax professional
    - Borrower business narrative
- Signed by certified professional





BANK STATEMENT

# Bank Statement

## Business Expense Statement from Tax Preparer - Sample

Cyndi Jensen, CPA, CrFA  
Jensen Tax & Accounting  
29887 Thornton Drive  
Kingston IL 60145

Phone/Fax [REDACTED]

June 16, 2021

To whom it concerns,

[REDACTED] has been 100% owner of Phoenix Capital

Consulting Group LLC since the business was established on March 15, 2017.

The use of business funds to pay for down payment, closing costs and all other expenses on this property will have no negative effect on his business.

Taylor's expense factor ratio is 34% which includes all expenses and debts related to his business.

*Cyndi Jensen, CPA, CrFA*  
Cyndi Jensen, CPA, CrFA  
PTIN P00350626



# Bank Statement

## Business Expense Letter From Tax Preparer – Calculation Example

### To Find Borrower's Monthly Qualifying Income:

Take the lesser of the average allowable monthly deposits and 1003 income multiplied by expense ratio provided by CPA. Subtract that number from the business qualifying income and multiply by the borrower's percentage of business owned found on the expense letter.

### Example:

- Average Allowable Monthly Deposits = \$10,000
- 1003 Income = \$12,000
- Expense factor provided by CPA = 34%
- Borrower owns 100% of the business

### ➤ **Qualifying Income = \$6,600**

$\$10,000$  (lower of Average Allowable monthly deposits and 1003 income)  $\times$  34% (expense ratio provided by CPA) =  $\$3,400$  (expense factor)

$\$10,000$  (business qualifying income)  $-$   $\$3,400$  (expense factor) =  $\$6,600$

$\$6,600$  (business net income)  $\times$  100% (percent of business owned) =  $\$6,600$



# Bank Statement

## Rebuttal 2 – 12 mo. Profit and Loss Statement: Business/Co-Mingled

Provide a 12-Month Profit and Loss (P&L) Statement from a Tax Professional or a Properly Licensed Accounting/Bookkeeping Firm supervised by a Certified Accountant along with 12 months of bank statements.

- P&L Sales/Revenue must be supported by the provided bank statements. Total deposits per bank statements minus any inconsistent deposits must be no more than 10% below revenue reflected on the P&L.
- If this requirement is not met with initial 12 months statements, continuous bank statements may be added to the analysis until the tolerance is met. If not able to meet 10% tolerance than must revert to Expense Factor calculation for qualifying income.
- Qualifying income
  - Lower of the Net Income indicated on the P&L or the income indicated on the initial 1003.
  - P&L **not** within 10% of bank statement income? QI is the **lower** of the income indicated on the 1003 and the bank statement income calculated from the business narrative form, and a fixed expense factor is applied.
- The bank statements and the P&L must cover the same time period.
- Additional Bank Statements or Expense Analysis documentation may be requested by the underwriter as needed.





BANK STATEMENT

# Bank Statement

## Rebuttal #2: Profit and Loss Sample

[REDACTED]	
INCOME	
COMMISSIONS:	\$316,717
TOTAL INCOME:	\$316,717
EXPENSES:	
ADVERTISING:	\$32,762
CAR AND TRUCK EXPENSES:	\$5,853
RENT:	\$3,450
DEDUCTIBLE MEALS:	\$3,773
UTILITIES:	\$819
PHONE:	\$1,489
OFFICE EXPENSE:	\$1,879
LEGAL FEE'S:	\$750
TOTAL EXPENSES:	\$50,775
NET INCOME:	\$265,942
[REDACTED]	[REDACTED]



# Bank Statement

## Borrower's Qualified Income Calculation from P&L: 12-Month Program

1. Determine the **Business Net Monthly Qualifying Income** by using the **lower** of **a** or **b** =

a. Gross income from the P&L minus expenses divided by 12:

$$\frac{\text{P\&L Gross Income} - \text{Expenses}}{12}$$

b. Monthly Net Income Stated on the 1003

2. Determine the **Borrower's Monthly Qualifying Income**

Business Net Monthly Qualifying Income X Borrowers Percentage of Ownership of the Business = **Borrower's Monthly Qualifying Income**



# Bank Statement

## Profit and Loss Statement, example

### Example:

- P&L indicates \$265,942 Net Annual Income (\$22,162 per month)
- 1003 states \$23,000 monthly income
- Bank statement review results in \$21,000 monthly income
- Borrower owns 60% of the business (found on business narrative)

### ➤ **Qualifying Monthly Income = \$13,297**

\$22,162 (P&L within the 10% tolerance of bank statement income, use lower of P&L income and 1003 income) multiply by 60% (percent of business owned) = \$13,297





BANK STATEMENT

# Bank Statements

General Eligibility Requirements

## 3-Month Bank Statement Program

NanQ Corr SG 8.6.6

**Please Note:** Tax returns and 4506-C are **NOT** required for this program. If tax returns and/or transcripts are provided, the loan will be ineligible for the Self-Employed Bank Statement Program.

# Bank Statement

## Income/Expense Documentation Requirements: 3-Month Program

- Business license and most recent company formation documents for LLC, Corp, or S-Corp.
- 12 Month Profit and Loss (P&L) Statement from CPA/Licensed Accountant
  - Proof of the preparer's current state license if applicable
- Minimum 3 Months Bank Statements or more if required to verify monthly income
- P&L Sales/Revenue must be supported by the provided bank statements. Total deposits per bank statements minus any inconsistent deposits must be no more than 10% below revenue reflected on the P&L
- If this requirement is not met with initial 3 months statements, continuous bank statements may be added to the analysis until the tolerance is met. If not able to meet 10% tolerance then must revert to Expense Factor calculation for qualifying income.
- Qualifying income
  - Lower of the Net Income indicated on the P&L or the income indicated on the initial 1003.
  - P&L **not** within 10% of bank statement income? QI is the **lower** of the income indicated on the 1003 and the bank statement income calculated from the business narrative form, and a fixed expense factor is applied.



BANK STATEMENT

# Bank Statement

## Profit and Loss Sample: 3-Month Program

[Redacted]	
INCOME	
COMMISSIONS:	\$316,717
TOTAL INCOME:	\$316,717
EXPENSES:	
ADVERTISING:	\$32,762
CAR AND TRUCK EXPENSES:	\$5,853
RENT:	\$3,450
DEDUCTIBLE MEALS:	\$3,773
UTILITIES:	\$819
PHONE:	\$1,489
OFFICE EXPENSE:	\$1,879
LEGAL FEE'S:	\$750
TOTAL EXPENSES:	\$50,775
NET INCOME:	<u>\$265,942</u>
[Redacted]	[Redacted]





# Bank Statement

## Borrower's Qualified Income Calculation from P&L: 12-Month Program

1. Determine the **Business Net Monthly Qualifying Income** by using the **lower** of **a** or **b** =

a. Gross income from the P&L minus expenses divided by 12:

$$\frac{\text{P\&L Gross Income} - \text{Expenses}}{12}$$

12

b. Monthly Net Income Stated on the 1003

2. Determine the **Borrower's Monthly Qualifying Income**

Business Net Monthly Qualifying Income X Borrowers Percentage of Ownership of the Business = **Borrower's Monthly Qualifying Income**



# Bank Statement

## Profit and Loss Statement, Calculation Examples: 3-Month Program

### Example:

- P&L indicates \$265,942 Net Annual Income (\$22,162 per month)
- 1003 states \$23,000 monthly income
- Bank statement review results in \$21,000 monthly income
- Borrower owns 60% of the business (found on business narrative)

### **Qualifying Monthly Income = \$13,297**

- \$22,162 (P&L within 10% of bank statement income, use lower of P&L income and 1003 income) × 60% (percent of business owned) = \$13,297



BANK STATEMENT

# Bank Statement

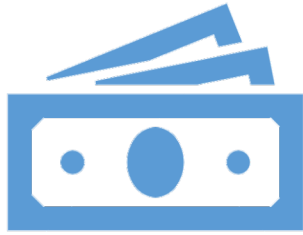
## Large Deposits and NSF Rules

NanQ Corr SG 8.6.8



# Bank Statement

## Deposits



### Deposits that may be scrutinized

Large Deposits – 75% of monthly income (SG 7.5.1)

Unusual Deposits



### Examples: Unusual Deposits

Proceeds from the sale of a home (not sales commission)

Tax refund

Transfer from another personal account or retirement account

Lottery winnings

Unexplained deposits or transfers

Deposits that are of a greater % than the other deposits

# Bank Statement

## Non-Sufficient Funds Timing Requirements

**Non-sufficient funds (NSF):** NSF activity within the last 12 months, or 24 months if required by uw, requires a satisfactory explanation by the borrower.

- Excessive amounts of NSFs will be highly scrutinized and may cause the loan to be deemed ineligible.
- NSF occurrences included in the analysis are subject to the following tolerances:
  - Up to six (6) occurrences in the most recent twelve (12) months time period is acceptable if there are **zero** (0) occurrences in the most recent three (3) month time period.
- Occurrences on the same day are counted as a one-time occurrence.

**Overdraft Protection Occurrence:** These may be excluded if statements for the linked account confirm that:

- The linked account balance/limit at the time of the transfer exceeded the amount of the overdraft transfer and...
- There were no fees charged for the overdraft.


**Returned Checks:** Are allowed if they do not result in a negative balance on the account.

**NOTE:** See “NSF” guidelines above for overdraft occurrences and returned checks not meeting these conditions.

**SG: 8.6.8**

# Bank Statement

EZ Qual Request Form: Send to [EZQUAL@LSMortgage.com](mailto:EZQUAL@LSMortgage.com)



LOAN  
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LOANSTREAM MORTGAGE  
EZ QUAL REQUEST

Please complete all applicable fields and email this form and supporting documentation to [EZQUAL@LSMORTGAGE.COM](mailto:EZQUAL@LSMORTGAGE.COM).  
Please allow 24 hours for a response.

I. CORRESPONDENT CONTACT INFORMATION

Company Name \_\_\_\_\_ Requester Name \_\_\_\_\_  
Requester Email \_\_\_\_\_ Requester Phone \_\_\_\_\_  
LoanStream Sales Executive \_\_\_\_\_

II. APPLICANT INFORMATION

APPLICANT 1 FULL NAME \_\_\_\_\_ Last 4 Digits of SSN \_\_\_\_\_  
Business Name \_\_\_\_\_ Business Type \_\_\_\_\_  
Percent Ownership \_\_\_\_\_ Minimum 2 Years Self-employed ☐ Yes ☐ No

III. INCOME ANALYSIS

Submit the following documentation for income analysis (self-employed only).  
☐ 12 or ☐ 3 Months Bank Statements, which are ☐ Personal or ☐ Business or ☐ Co-mingled  
☐ Product or ☐ Service business Number of Employees/Contractors \_\_\_\_\_

IV. LOAN STRUCTURE DESK

Submit the following additional information if you need assistance with credit grade and loan structuring.  
☐ 2 Years Tax Returns ☐ Credit Report(s)  
☐ Assets ☐ Lease Agreements (DSCR/No-ratio Loans)  
☐ Business Narrative ☐

V. EXCEPTION REQUEST

If applicable, let us know if you are requesting a guideline exception and explain those details here.

VI. CORRESPONDENT COMMENTS

Please share any information you believe will help us structure your loan, including any compensating factors, credit LOE, etc., so we may better serve you.

VII. LOANSTREAM MORTGAGE RESPONSE

LSM-CORR-EZQUALRQST | Rev. 12/15/2021

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\*Located on LSM Client Portal in the Documents tab





BANK STATEMENT

# Bank Statement

## Submission Requirements

# Bank Statement

## **Standard Credit Documents (not complete list)**

- Submit through EZQual to determine income (include results in file for review)
- LSM Correspondent UW Submission Form
- 1003
- Credit Report
- Full Exterior/Interior Appraisal
- Title
- Insurance

## **Business Narrative**

- Include name/type of business as well as number of employees/contractors

## **Business license and most recent company formation documents**

### **12-Month Program: 12 Mo. Bank Statements\***

- Proof of 2 years self-employment
- Fixed Expense Ratio Table doesn't work?
  - Submit Business Expense Statement letter from CPA/Tax Professional **OR**
  - 12 Mo P&L (CPA/Tax Professional)

### **3-Month Program: 3 Mo. Bank Statements\***

- Proof of 2 years self-employment
- Submit 12 Mo. P&L (CPA/Tax Professional)

### **NEW! 1-Year Self-Employment Program: 1-Year Self-Employment**

- Most recent 12 months bank statements (Follow Alt-Doc Income Calculations)\*
- Previous full year W-2 with 4506-C verification (W-2 Transcript Only)

**Fixed Expense Ratio Table doesn't work?** Follow direction in 12-month program above.

\*Additional Bank Statements may be required per uw.

Refer to LSM NanQ Matrix and Seller Guide for additional detail.



# Bank Statement

## Tradelines, Housing History, and Reserves

### Tradelines – One of these three:

- 3 tradelines with minimum of 12 months activity in last year, 2 tradelines in last 24 months with activity in last year OR
- At least one revolving tradeline reporting for 60 months with activity in the last 12 months and a verified 12-month housing history paid with 0x30 lates, OR
- One installment tradeline reporting for 36 months with activity in the last year and a verified 12-month housing history paid with 0x30 lates.

### Housing History

- Select Grade: 0x30x24, loan amounts up to 4MM
- A+ Grade: 0x30x12, loan amounts up to 4MM **(Only grade allowed with 1-Year SE Program)**
- A Grade: 1x30x12, loan amount up to 3.5MM
- B Grade: 1x60x12, loan amount up to 3MM
- C Grade: 1x120x12, loan amount up to 1MM

### Reserves

- Select Grade: 12 months minimum
- A+ Grade\*: No reserves if  $\leq 75\%$  LTV,  $> 75\%$  3 months,  $>80\%$  6 months **(Only grade allowed with 1-Year SE Program)**
- A Grade\*: No reserves if  $\leq 75\%$  LTV,  $> 75\%$  3 months,  $>80\%$  6 months
- B Grade\*: No Reserves if  $\leq 65\%$  LTV,  $> 65\%$  3 months
- C Grade\*: 3 months minimum

\*NOO – No Reserves  $\leq 70\%$  LTV;  $>70\%$  3 months (C/O **CAN** be utilized)

\*Ln amounts  $> 3\text{MM}$  - 12 months;  $> 2\text{MM}$  – 6 months (C/O **CANNOT** be utilized)





BANK STATEMENT

# Bank Statement

## Overview

# Bank Statement

## Important Details Overview\*

- One borrower must be self-employed (Proof of 2 years SE required)
- Self-employed income combined with wage earner – NO TAX RETURNS, still complete 4506C – Check BOX 8
- 1003 Income used if less than bank statement calculation
- Non-occupant co-borrower allowed: Purchase and Rate/Term, Grades A+, A, and B only
- Loan amounts over 1.5MM require 2<sup>nd</sup> appraisal from AIR-Compliant AMC
- Asset Utilization allowed with max LTV 80% and max loan amount of 2MM. Not allowed with Select or C Grades
- Non-warrantable condos allowed with LTV restrictions if credit grade is A+, A, and B
- Large deposits (75% of monthly income) will be scrutinized. Provide proper documentation with credit package
- Individuals on account OTHER than borrower?? Provide 100% access letter from those individuals, LOE, Business formation documentation
- NSF's allowed with restrictions: Review last 12 months of activity (SG 8.6.8) (Slide 31)
- Cash-Out – Up to 2M max cash in hand based on LTV. Free and clear properties max amount up to 1.5MM, Max LTV 65%
  - LTV restrictions and reductions per credit grade, Not allowed with C Grade (See Matrix)
- 30- and 40-Year Interest Only Allowed – Min Fico 640, Max LTV 80%, 10-year IO period. Not allowed with Select Grade
- Credit Events – See Matrix for details based on credit grade
- **NEW! One Year Self-Employed Program** - A+ Grade only, 80% max LTV, Min Fico 660, 12-month Bank Statement Only (See slide 6 for additional information) (SG 8.6.7)

\* See LSM NanQ Matrix and Seller Guide for full requirements.

# Contact Us

**Chrisi Gordon**  
**Cameo Mancini**  
Client Services Representative

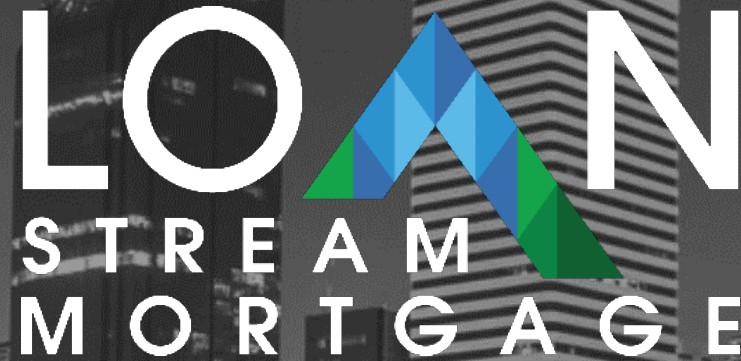
Phone: (833)-311-0126  
Email: [LSMCorrespondent@LSMortgage.com](mailto:LSMCorrespondent@LSMortgage.com)





# THANK YOU

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