

LSM CORRESPONDENT

BANK STATEMENT NON-QM HELPFUL TIPS



GETTING STARTED

For questions about your company's approval to deliver NonQM loans, please reach out to a member of your Sales Team for assistance.

3 ways to qualify under the Bank Statement program:

- 12 Month Bank Statement (2 years and 25% min ownership)
- 12 Month Bank Statement 1 year Self Employed and 100% ownership
- 3 Month Bank Statements with 12-month P&L statement

NonQM Bank Statement Resources:

- [Seller Guide](#)
- [Non-QM Matrix](#)
- [EZ-Qual Income Analysis](#)
- [Webinars](#)
- [Marketing Flyers including non-branded](#)

Before submitting your file, send your Bank Statements via the EZQual process to get an estimated income analysis. Use this income for your 1003 input (the underwriter will take the lower of the 1003 or their calculations). *EZQual is an estimated analysis only. The LSM underwriter will do a more in-depth review.*

Note: Reviews performed by LoanStream are only to evaluate secondary marketing eligibility and are not considered a credit decision or loan approval. Credit decisions and compliance with applicable regulations are the responsibility of the correspondent lender.

INITIAL SUBMISSION

- ⚠ Please include the following to prevent delays with underwriting
 - Underwriting Submission Summary Form** (including contact information)
 - EZQual results** (see above)
 - Business Narrative Letter**
 - Business license or most recent company formation documents**
 - Complete Initial Signed and Dated 1003** (Signed by Borrower and Loan Officer)
 - Include the SCIF addendum
 - Credit Report** for all borrowers
 - Completed 1008**

- Copy of ID and Social Security Card** (front and back)
- Title Commit/Prelim Title Report**
- Purchase Agreement** & any applicable addendums (fully executed & initialed by all parties if applicable)
- Appraisal Report** (including SSRs, Air Certification, and Appraisal Invoice)
- Hazard Insurance** (if available)
- EMD documentation** (with proof cleared account and receipt from escrow)
- Asset / Reserve Documentation**
 - If the account has other names in addition to the borrower, an access letter will be required. Please see full seller guide section 7.5 for required docs.
 - Sourcing Large Deposits is required per section 7.5.1

12-month Bank Statement Program

- For **PERSONAL** Bank Statements include:
 - Most recent 12 months PERSONAL Bank Statements (up to 24 mos. if required by underwriter)
 - Most recent 2 months BUSINESS Bank Statements
- For **BUSINESS** Bank Statements or **CO-MINGLED** Statements include:
 - Most recent 12 months BUSINESS or CO-MINGLED Bank Statements
 - Assumed Business Expense Factor per the Seller Guide (OR Rebuttal Options below):
 - *Rebuttal Option 1 – Business Expense Statement Letter:*
Business Expense Statement Letter from tax professional
12 months Bank Statements (up to 24 months if required by underwriter)
 - *Rebuttal Option 2 – 12-Month Profit and Loss Statement:*
12-Month P&L Statement (up to 24 months if required by underwriter)
12 months Bank Statements (up to 24 months if required by underwriter)
P&L & Bank Statements must cover the same time period
- To qualify for the 1- year Self Employed Bank Statement Program**
 - Minimum 12 months verified self-employment (100% sole owner of business)
 - Previous full year W-2 employment – same profession
 - 12 months Bank Statements (topline revenue greater than or equal to prior year’s W2 earnings)
 - Prior full year W2 with 4506-C verification (W-2 transcript only)

3-month Bank Statements plus P&L statement

- 12-month P&L Statement from CPA, Enrolled Agent, or Property Licensed Accounting Firm
 - Proof of P&L preparer’s current state license
 - 3 months Bank Statements (more if required by underwriter)
- Note:** P&L must be 12 months and consistent income with bank statements (10% tolerance)

REMINDERS & TIPS

- **Forms and NonQM Documentation** can be located on the Client Portal Under *Documents*
- **Appraisal:** Depending on loan amount and/or CU score, additional appraisal products may be required.
- **Appraisal:** You must use an AMC unless you are approved for panel (see your sales team for questions).
- **Cash Deposits** are highly scrutinized and rarely accepted. Prepare to have invoices and documentation.
- **Gift Funds or Gift of Equity** require additional documentation. *Review NonQM seller guide section 7.4*
- **Full Condo Reviews:** Project Questionnaire, Current Budget, HO6 Policy and Master Insurance Policy.
- **Limited Condo Reviews:** HOA Questionnaire, Master Insurance and HO6 Policy
- **Rental History:** If a borrower's mortgage or rental history is not reported on the credit report, alternative documentation showing the most recent 12-month history (VORs and VOMs from servicing/mortgage companies and companies/management companies, etc., cancelled checks, mortgage/rental statements including payment history, etc.) should be provided. *Review NonQM Seller Guide Section 5.4 for full details.*

HELPFUL SELLER GUIDE SECTIONS

Fixed Expense Ratio - Business/Co-Mingled: 12-Month SG 8.6.2.4

CONTACTS

Reach out to your dedicated Regional Sales team or LSMCorrespondent@lsmortgage.com with any questions.

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