



Bank Statement

LoanStream Correspondent



Agenda

- 01 Bank Statement Loans & Features
- 02 Matrix and Calculating Expense Factors
- 03 1 Year Self Employed Option
- 04 P&L 3-month Bank Statements
- 05 Resources, Forms and Reminders



Please note: This webinar is intended for external use and its contents are effective as of the date of this webinar and subject to change. The information contained is not intended to be used as legal, compliance, financial, accounting, or other professional advice and should not be construed as such.

Bank Statement Loans

- **10.1% of the workforce is currently self-employed as of January 2025** (or 16.2 million people)!
 - This includes Sole Prop / LLC / Partnership / Corp / 1099 / GIG (aka freelance, contract, online platform)
 - Percentage of self-employed people will continue to grow
 - Programs we will discuss today will benefit this population



Bank Statement Key Features

Credit Flexibility



- Min FICO 600 / Credit event seasoning down to “discharged” allowed
- NSFs OK! Capped at 12 in 12 months. LOE required to tell the story

Program Offerings



- Multiple Accounts on the same business are OK – make sense UW!
- Non-occupant co-borrowers OK!
- Reserve Flexibility – can waive reserves based on LTV (OO/2nd home <75% and NOO < 70%)
- Rental Income only source of income? We can still use Bank Statements to qualify – doesn’t have to go full doc!
- Can be used with other ALT doc income!

Bank Statements Highlights

- **Occupancy: 1-4 units and Primary / 2nd or Investment**
- **Transaction**
 - Purchase / Refinance up to \$4MM
 - Up to \$1.5MM cash in hand
 - I/O options available
- **Max DTI 50%**
- **Employment**
 - 2 years self employed (25% ownership)
 - Only 1 year self employed? **Got you covered (upcoming slides)!!**
 - Verified by tax preparer letter, business license, SOS, internet search or corporate docs **Non-Profit entities not allowed**
- **Income: business / co mingled vs personal statements**
 - **Business / co-mingled (12-24-month statements)**
 - Expense factor based on Expense Factor table (upcoming slide – reduces need for 3rd party EF letter)
 - Ability to obtain a 3rd party EF letter if needed
 - **Personal (12-24-month personal statements)**
 - 2 months business statements required
 - No need for expense factor letter
 - We will use 100% of deposits/transfers from business account into the personal account



Bank Statement Matrix Example



Effective Date: 04/17/25 | Revised: 04/17/25

OCMBC NonQM Matrix

Select NonQM and Core NonQM									
Income Types Include: Full Doc - 12, 24 months Alt Doc - 1099, WVOE, Asset Utilization, Bank Statements, P&L with 3 mos Bank Stmt, One Yr Self-Employment, Assets as Blended Income									
Select NonQM					Core NonQM				
FICO to Max LTV/CLTV					FICO to Max LTV/CLTV				
Loan Amount	Credit Score	Purchase	Rate/Term	Cash-Out	Loan Amount	Credit Score	Purchase	Rate/Term	Cash-Out
\$ 1,000,000	700+	85%	80%	75%	\$ 1,000,000	700+	90%	85%	80%
	680+	80%	80%	75%		680+	85%	85%	80%
	600+					600+	80%	80%	75%
\$ 1,500,000	720+	85%	80%	75%	\$ 1,500,000	720+	90%	85%	80%
	700+	80%	80%	75%		700+	90%	85%	80%
	680+	75%	75%	70%		680+	85%	85%	80%
	640+					640+	80%	80%	75%
	600+					600+	75%	75%	70%
\$ 2,000,000	740+	85%	80%	75%	\$ 2,000,000	740+	85%	85%	80%
	720+	80%	80%	75%		720+	85%	85%	80%
	700+	75%	75%	70%		700+	85%	85%	80%
	680+	75%	75%	70%		680+	80%	80%	75%
	640+					640+	75%	75%	70%
\$ 2,500,000	740+	80%	80%	75%	\$ 2,500,000	740+	80%	80%	75%
	720+	75%	75%	70%		720+	80%	80%	75%
	700+	75%	75%	70%		700+	80%	80%	75%
	680+	65%	65%	60%		680+	75%	75%	70%
	660+					660+	70%	70%	65%
\$ 3,000,000	720+	75%	75%	70%	\$ 3,000,000	720+	80%	80%	75%
	700+	65%	65%	60%		700+	75%	75%	70%
	680+	60%	60%	55%		680+	70%	70%	65%
	660+					660+	60%	60%	55%
> \$3,000,000 See Guides for Appraisal & Credit Overlay					\$ 3,500,000	740+	70%	70%	65%
LOAN PROGRAMS						720+	70%	70%	65%
Fixed	• 15-Year Fixed • 30-Year Fixed • 40-Year Fixed					680+	60%	60%	55%
ARM	• 5/6 SOFR (2/1/5 Cap) • 7/6 SOFR (5/1/5 Cap) • Not Available on Select NonQM					660+	50%	50%	45%
Interest Only (IO) Not Available on Select NonQM	• 30-Year Fixed IO (120 mos, IO + 240 mos Amortization) • 40-Year Fixed IO (120 mos, IO + 360 mos Amortization) • 5/6 IO SOFR (2/1/5 Cap) • 7/6 IO SOFR (5/1/5 Cap)				\$ 4,000,000	740+	65%	65%	60%
						720+	60%	60%	55%
						700+	50%	50%	45%
Select NonQM					Core NonQM				
Max LTV	Non-Owner Occupied - 75% 2nd Home - 75% Condo - 85% (FL Condo - 75%) Condo Non-Warrantable - NA (FL Condo - NA) 2 Unit - 80% 3-4 Unit - 75% Rural - NA				Non-Owner Occupied - 85% 2nd Home - 85% Condo - 85% (FL Condo - 75%) Condo Non-Warrantable - 75% (FL Condo - 65%) 2 Unit - 85% 3-4 Unit - 80% Rural - 70%				
Min Loan Amount	\$150,000				\$125,000				
Interest Only (IO)	Not Allowed				• 640 min FICO • 80% max LTV • Reserves based on IO payment				
					0 x 30 x 12 1 x 30 x 12: 5% LTV reduction > \$2.5M: 10% LTV reduction \$3.5M max L.A.				

TWO Credit Grades effective 4/17

- Select NonQM
- Core NonQM (blended previous grades A+ through B)



Bank Statement Calculations

12 Month Business/Co-Mingled Fixed Expense Ratio

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 Letter** (next slide). *If the expense factor allows the borrower to qualify then no further expense analysis is required.*

FIXED EXPENSE FACTOR TABLE			
Number of Full-Time Employees/Contractors	0-1	2-10	11+
Service Business	30%	50%	60%
Product Business	40%	60%	70%
Real Estate Business*	70%	75%	80%

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

Product Business Examples: Retail, Food Service/Restaurants, Manufacturing, Contracting/Construction, etc.

Real Estate Business Examples: Real Estate Investors(Without a schedule of current real estate**), Developers, Flippers, etc.


*CPA letter will not be accepted to provide a lower expense ratio when business is real estate.

**See SG 7.6.3.4 for additional details.

Bank Statement

Business Narrative Letter

- Include with your UW submission to LSM on all Bank Statement loans
- Located on Lscorrespondent.com under *Resources – Forms*
- Focus on Borrower's % of ownership, how many employees/contractors and whether the business is Service, Product or Real Estate based
- Include KEY details such as how the business is paid and any important details about the business operation



SAVE FORM

CLEAR FORM

BUSINESS NARRATIVE
QUESTIONNAIRE AND CERTIFICATION

Borrower Name

Loan #

Business Name

Website

Broker Email

Processor/LO Email

Account Executive

1. What industry category best describes the borrower's business?

(Select One) ▼

If "Other" selected, please list here:

2. Does the business have a physical location?

☐ Yes ☐ No

3. Does the business have more than one physical site?

☐ Yes ☐ No

4. What is the address of the business physical location?

5. How many full-time employees/contractors does the business have?

(Select One) ▼

6. Does the business provide a product (i.e., clothing, food service/restaurant, jewelry, manufacturing, retail sales, etc.)?

☐ Yes ☐ No

7. Does the business provide a service (i.e., accounting, consulting, financial planning, real estate sales, insurance sales, law, therapy, etc.)?

☐ Yes ☐ No

8. Is it a "real estate" related business (i.e., builder, developer, property flipper, etc.)?

☐ Yes ☐ No

9. What percentage of the business do you own?

%

10. How does your business get paid?

☐ Branch Deposits ☐ Check ☐ Square ☐ Other

☐ Cash ☐ Online Deposits ☐ Venmo

☐ Cash App ☐ PayPal ☐ Zelle

11. Please describe the business operations, how it is managed, and any key details you can provide.

Fixed Expense Factor Table

Number of Full-time Employees/Contractors	0 – 1	2 – 10	11+
Service Business ¹	30%	50%	60%

Bank Statement Rebuttal Options

12-Month Business/Co-Mingled: Rebuttal Options Expense Factor

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

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).

Note: *This option is not allowed to lower expense ratio when business is real estate.*

Rebuttal Option 2: 12-month P&L Statement

Tax Professional/CPA's/Properly Licensed Accounting/Bookkeeping Firm supervised by a certified accountant can provide **12 Month profit and loss (P&L) statement.** (24 months if required by **underwriter**)

Bank Statement

12-Month Business/Co-Mingled: Rebuttal Option 1

Business Expense Statement Letter

The **Business Expense Statement Letter** should be from a Tax Professional, or a Properly Licensed Accounting/Bookkeeping Firm supervised by a Certified Accountant.

- Company letterhead showing company name
- Include individual's license number – PTIN
- Include borrower's percentage of business owned AND expense factor ratio
- Dated and Signed by Licensed professional
- Expense Ratios below 15% will be considered at the discretion of the LSM underwriter. The letter should include additional details explaining why expenses are so low

Cyndi Jensen, CPA, CrFA
Jensen Tax & Accounting
29887 Thornton Drive
Kingston IL 60145
Phone/Fax (815) 766-4000 Cell/Voice Mail (815) 766-1288

June 16, 2021

To whom it concerns,

Taylor Taylor (SSN 888-8888) has been 100% owner of Phoenix Capital Consulting Group LLC since the business was established on March 15, 2019.

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

Note: This option is not allowed to lower expense ratio when business is Real Estate.

Bank Statement

12-Month Personal Bank Statements

- When using personal bank statements, up to **100%** of qualified deposits can be used with no expense factor.
- **Borrower's Qualifying Income** will be calculated from the **qualified deposits** on most recent **12 months** personal bank statements.

To support the personal bank statements, we require **two** months of business bank statements.

- Must evidence activity to support business operations
 - May reflect transfers to the personal account
-
- If 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
 - Business license and most recent company formation information for LLC, Corp or S-Corp

Bank Statement 1 year Self Employed

Bank Statement

A borrower that has only been Self Employed for 1 year can still qualify with our 12-month Bank Statement program when they are 100% owner of the company.

- Proof of at least **ONE** Year Self-Employment required!
- Borrower must be 100% owner
- Most recent 12 months bank statement income must be greater than previous year's W-2 earnings (10% variance allowed)
- Previous full year W-2 employment, same profession required
- Income Calculations follow LSM Alt-Doc guidelines

Program Parameters:

- Allowed with A+ grade only, Min 660 Fico, Max LTV up to 80%.
- DTI max 45%
- Up to \$4MM loan amount (Min \$125,000)
- Purchase, Rate/Term Refinance, and Cash Out available

Note: Refer to LSM NanQ Matrix and Seller Guide for additional details.

Bank Statement 3 month with P&L

Bank Statement P&L with 3-month Bank Statements

> 12 month Profit and Loss Statement (P&L)

- Income/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 income/revenue reflected on P&L. The bank statements and P&L *must cover the same period*.
- Must be from CPA, Enrolled Agent, CA Tax Education Council or Tax Attorney
- Qualifying income is Net Income indicated on the P&L divided by the number of months it covers

> Example:

- P&L indicates \$316,717 in gross revenue (\$52k per month) – when comparing to bank statement deposits, this is our target
- Bank statement deposits total \$48k on average over 3 months
- Calculated deposits are 8% less than P&L revenue
- **Qualifying Monthly Income in this example = $\$265,942/6 = \$44k$**
- Why \$44k? Bank statement deposits are within 10% of P&L revenue and qualifying income is **net income** from P&L
- What happens if the bank statement income exceeds the 10% threshold? Obtain additional bank statements until threshold is met. If 10% variance is never realized, file will come a bank statement loan.

TAYLOR TOBIAS 2021 YTD PROFIT & LOSS JAN 2021 - JUNE 22ND 2021	
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 FEES:	\$750
TOTAL EXPENSES:	\$50,775
NET INCOME:	\$265,942
Taylor Tobias	6/22/21

Resources & Reminders

Bank Statement

EZCalc Request Form

- Submit most recent bank statements
- Complete this form online at [Lscorrespondent.com](https://lscorrespondent.com) and include your 12 months of bank statements
- This is an ESTIMATED analysis only. The LSM underwriter will do a full in-depth income analysis.
- Upload these results with your credit package submission.
- Turn times are 24 hours.

[T](#) [GET APPROVED](#) [CONTACT](#) [RESOURCES](#) [SELLER CONNECT](#)

EzCalc

Easy Bank Statement Income Calculation

Use the form to the right to get started.

Please complete all fields. Bank statements can be securely uploaded at the end of the form.

All complete requests will receive a response within 24-48 business hours.

Check out our [Bank Statement Webinar](#) to learn more about the program.

Questions? Contact your Regional Sales Executive or [Contact Us](#)

Learn more about our [Non-QM programs](#)

[Get approved today](#) as a client with our Correspondent Lending Division

Note: This analysis is offered as an estimated income calculation for Bank Statement programs only. Speak with your RSE for more information.

Company & Contact Information

Regional Sales Executive (RSE) *
- Select -

Correspondent Company Name *

Contact Name *

Contact Phone Number

Contact Email *

Additional Contact Email

Loan Underwriting Type *
☐ Delegated
☐ Non-Delegated

Borrower Information

Borrower #1: First and Last Name *

Borrower #2: First and Last Name

Number of Years Self-Employed *
☐ Less than 2 years
☐ 2 Years or more


Last 4 Digits of the SSN of Borrower1 *

Borrower's Business Type *
- Select -

Business Name *

Percent of Ownership (Minimum Allowed 25%) *
- Select -

Number of Employees and/or Contractors *
- Select -



Note: You can find more information on [Lscorrespondent.com](https://lscorrespondent.com) under Resources - EZCalc

Bank Statement

EZ Structure

- EZ Structure is a resource to help you:
 - Structure complex or difficult loans
 - Review documentation
 - Help address or fill in the gaps prior to your submission
- Using EZ Structure will help you reduce conditions and increase pull through!
- Complete this form online at Lscorrespondent.com!

PROGRAMS ABOUT GET APPROVED CONTACT RESOURCES

SELLER CONNECT CLIENT PORTAL

Non-QM Made EZ

Let's Structure Your Loan

Complete our form and submit your loan for review.

1 Your Information 2 Borrower Information 3 Occupancy, Term, LTV 4 Credit 5 Property Information 6 Income Documentation 7 DTI / Uploads

Let's start with getting your information.

First Name * Last Name *

Email * Phone/Mobile (Best Contact) *

Account Executive's name * NMLS ID # *

Account Executive's Email Address *

Save & Resume Next

Note: You can find more information on Lscorrespondent.com under Resources – EZ Structure

Bank Statement Reminders

Statements with the below features will be scrutinized:

- Negative ending balances or negative beginning balances
- Large, unusual or non-business-related deposits
- Excessive NSF's (13+)
- Multiple listed individuals that are not on the loan
- Inconsistent font/ misalignment/misspelling
- Ending balance for month 1 doesn't match beginning balance for month 2
 - Borrowers know it's easy to create bank statements
 - Lenders are aware and reviewing bank statements with a more forensic approach
 - The "story" doesn't make sense (monthly income vs assets)
 - Withdrawals are not overlooked any longer
- Cash deposits – frequency, consistent and amount are key!

Detail and Data integrity are key to short cycle times!

- A complete and accurate 1003 + well packaged submission can save you and your borrower weeks!
- Spend the extra hours up front to shave weeks off your cycle time

More Referral Partners = More NonQM!

- Financial Planners/Wealth Managers
- RE Builders
- Divorce / Trust / Bankruptcy / Real Estate Attorneys
- Property Management Companies
- Credit Repair Companies
- Title Companies
- Real Estate Investor Groups
 - www.nationalreia.org
- Hard Money Lenders
- Local Relators
- Property Management Companies

Bank Statement Loan Submission

Submitting your File

- ☐ Underwriting Submission Summary Form
- ☐ EZCalc Results
- ☐ Business Narrative Letter
- ☐ Business license or most recent company formation documents
- ☐ Complete Initial Signed and Dated 1003 (SCIF Addendum)
- ☐ Credit Report
- ☐ 1008 – make sure the loan qualifies!
- ☐ Appraisal Report (including SSRs, Air Certification, and Appraisal Invoice)
- ☐ Title, Insurance, EMD Documentation, Assets as applicable
- ☐ 12 Month Bank Statements*

12-Month Program with only 1-Year Self-Employment:

- ☐ Prior full year W2 (in same line of work) with 4506-C verification (W-2 transcript only)
- ☐ Minimum 12 months verified self-employment (100% sole owner of business)

12-Month P&L Plus 3-Month Bank Statement Program

- ☐ 12 Month P&L (CPA/Enrolled Agent/Tax Professional)
- ☐ Proof of P&L preparer's current state license
- ☐ 3 Month Bank Statements*

**Additional Bank Statements may be required per underwriter. Refer to LSM NanQ Matrix and Seller Guide for additional detail.*

The screenshot shows the Loan Stream Mortgage website. The top navigation bar includes 'PROGRAMS', 'ABOUT', 'GET APPROVED', and 'CONTACT'. A 'RESOURCES' dropdown menu is open, showing options like 'Seller Guide', 'Forms & Helpful Tips', 'DSCR Calculator', 'EZ Structure Page', 'EZCalc – Bank Statement Calculation', 'Marketing', 'Webinars', 'Tradeshows Events', and 'Regional Sales Map'. Below this is a table titled 'Submission Forms' with columns 'Submission Forms' and 'Link to Form'. The table lists several forms: 'Underwriting Submission Summary (Required)', 'EZCalc Form', 'Self Employed Business Narrative', and 'Business Purpose & Occupancy Affidavit'. Each form has a 'Download Form' button. Green arrows point from the text requirements on the left to the corresponding forms in the table: from '12 Month Bank Statements*' to 'EZCalc Form', from '1008 – make sure the loan qualifies!' to 'EZ Structure Page', and from 'Business Narrative Letter' to 'Self Employed Business Narrative'.

Submission Forms	Link to Form
Underwriting Submission Summary (Required)	Download Form
EZCalc Form	Download Form
Self Employed Business Narrative	Download Form
Business Purpose & Occupancy Affidavit	Download Form

The ONE Lender for Correspondent

Programs

View individual [loan program guidelines](#) and matrices.

Resources

Access the [Seller Guide](#), [Forms](#), [Helpful Tips](#), [Webinars](#), [Marketing Materials](#) and MORE under this important section!

Seller Connect

Access [Seller Connect](#) for registering, locking loans and keeping up-to-date with your loan status!



Contact Us

Your Regional Sales Executive



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Thank you for joining our webinar today.

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