

BOLT: Submitting Non-QM NS Product

Introduction

Initial Loan Set-up

Submitting the file to MWF

Preparing for MWF Underwriting

Introduction

The Non-QM MWF NS Product is for self-employed borrowers. This is a bank statement, *in lieu of income verification*, loan product. All individuals on the bank account must be borrowers on the transaction. The file submitted by the broker will be assigned to and reviewed by MWF Underwriting to insure the loan meets the product's minimum requirements. MWF does consider exceptions on this product. The MWF Underwriter will request the exception through the MWF Exception Desk process. Contact the ROC's Operations Manager if requesting an exception prior to submission to MWF Underwriting. This product does not allow for TBD properties.

The information contained here is intended to be a guide to address the idiosyncrasies of the product and the investor. Please refer to the product matrix and Underwriting manual for more complete details.

Initial Loan Set-up

- Broker registers loan via PML.
- The Non-QM MWF NS registered loan will populate to a pipeline queue in for this product so the corporate team knows the bank statements need to be reviewed to determine income.
- Broker will indicate on the application the income the borrower has stated they make.
- Broker discloses as usual. There are no additional required disclosures or documents specific to this program.
- Broker collects from borrower 12 or 24 months of most recent bank statements and uploads them into the loan file.
- Upon receipt of the bank statements, the broker should review for extraordinary deposits that must be explained. For example, a loan for a window washer had a \$19,000 deposit during the rainy season. This would be considered extraordinary and would need to be explained. In this case, it was a commercial job that paid a considerable amount. This was acceptable to the investor.
- The corporate team will submit the Bank Statement Analysis form along with the bank statements to Income Desk for calculation of income to use in qualifying.
- Underwriting turn-times for income calculation is same day if received prior to 12:00PM PST and same or next day for income received after 12:00PM PST.
- The Income Desk will calculate the income figure to be used in qualifying by using the income calculator which backs out large and unusual deposits. A 50% expense deduction will be applied. If the MLO feels 50% is excessive for the borrower's type of business, the borrower has the option to submit a letter from their CPA (Enrolled Agent, Tax Preparer) stating how long the borrower has been self-employed and the actual

BOLT: Submitting Non-QM NS Product

percentage of expenses which should be considered. **The letter must be live signed by the CPA, eSignature is not acceptable.** This is a [sample CPA letter](#). The Income Desk *may or may not* accept the letter.

- Upon completion of the income calculation by the Income Desk, the calculated income will be input into LOS.
- The corporate team will communicate the income to the broker, including any notation of the excluded deposits (if applicable) within the email from the investor.

MWF requires:

- The following to be submitted for the income calculation step: 1003, 1008, credit report, 12 or 24 months of bank statements, and an explanation regarding the percentage of the business the borrower owns, how long the business has been in existence, and how long the borrower has been self-employed (these questions are asked on the form).
- Each bank account is to be its own PDF with the statements in chronological order (newest to oldest or vice-versa, be consistent throughout all the PDFs). Do not combine accounts.
- Borrower can submit personal account *or* business account bank statements for income calculation.
 - However, if personal accounts are submitted, the investor requires a written statement from the borrower explaining why they are not including the business accounts as this would be unusual. For example, perhaps the borrower is submitting personal account bank statements because they regularly transfer the bulk of the balance from their business account to their personal account. Or perhaps the borrower only maintains a personal bank account and has no business bank account. The explanation must be reasonable and make sense. The investor *may or may not* accept the explanation.

Submitting the file to MWF

- The broker will submit the file as usual.
- The BOLT technician will review the file for document check and the file must include all required Non-QM MWF NS Product documentation listed below along with normal file documentation including as applicable Prelim, Tax rolls, Rental property documentation.
 - 1003 – Signed by the LO with NMLS ID
 - 1008
 - Credit Report- Note that once the credit report is submitted rescoring is not permitted unless specifically required by guidelines after debt payoff, or the credit report is expired.
 - Copy of all borrowers' identification.
 - LOE addressing all credit inquiries in last 120 days; details on all new obligations must be provided and included in ratios.
 - Condo Full Review Checklist (if property type is condo)
 - Bank statements will have already been provided.
 - Purchase Contract (for purchases only)

BOLT: Submitting Non-QM NS Product

- When the file has cleared document check, the file will be assigned to the MWF underwriter.

Preparing for MWF Underwriting

- Initial Underwriting Package turn-times on this product is up to 4 days.
- Condition Underwriting Package turn-times on this product is up to 4 days.
- The MWF Underwriter will review the file to insure the loan meets the minimum requirements and general guidelines. All required Non-QM MWF NS Product documentation **MUST** be in the file in order for a decision to be issued. Other conditions will apply if documentation is missing (i.e. EOI, LDP/GSA, Appraisal & CDA, Escrow Instructions. This is not all inclusive).
- All conditions will be PTD.