

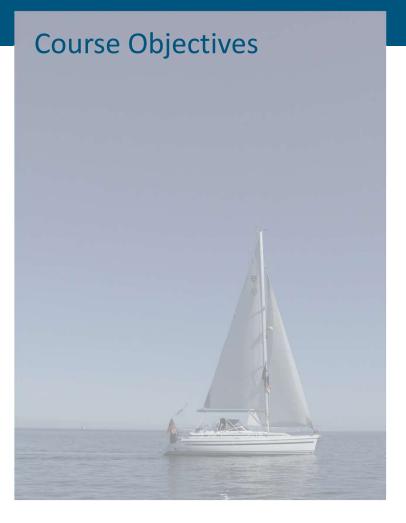
# **Bank Statement**

**Correspondent Channel** 

Last Updated: June 19, 2023







# Topics we will cover today:

- Value Proposition
- Program Highlights and Eligibility Features
- Income/Asset/Collateral Features





## **Value Proposition**

- The bank statement product is specifically designed to meet the needs of Strong Credit qualifying self employed borrowers.
- The benefit being offered through this product is that the borrower's bank statements or their 1099s can be used in lieu of tax returns to calculate qualifying income
- The Bank Statement product is being offered through our delegated as well as non-delegated platforms.
- We make subject matter experts available from beginning to end to support a flawless execution.
  - Your credit teams will have access to a dedicated group to assist your credit teams with scenarios, single loan variances, and guideline expertise.
  - <u>Nonagency@Bayview.com</u> can be utilized for all **pre-close questions**, scenarios and Single Loan Variance (SLV) requests.
  - NonAgencyDD@Bayview.com can be utilized to answer your post-closing, pre-purchase questions regarding loan status, suspense conditions, escalations and rebuttals.
- Single loan variances are a part of the Non Agency Bank Statement platform:
  - Offering strong borrowers flexibility outside of the traditional guidelines.
  - Compensating factors are required in order to consider single loan variances.
  - Loans with single loans variances are typically stronger than loans that just meet guidelines.



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## **Program Highlights**

- Primary residence (1-4 units), second home (1 unit) and investment (1-4 unit) occupancy types
- Purchases, rate and term, and cash-out options
- Maximum loan amount \$3,000,000 on a primary residence; \$2,000,000 on second home
- 30-year fixed and 40-year fixed rate terms available
- Interest-only options:
  - 30-year term with 5 or 10 year interest-only
  - 40-year term with 10 year interest-only
- Mortgage Insurance not required

- Bank Statements 12 or 24 month options utilizing either personal or business bank statements to calculate qualifying income
- 1099 Income Option Available
- Loan amounts greater than \$2.5M require two years of income documentation – via either 24 months bank statements or 2 years of 1099s
- Minimum Fico is 660
- Minimum loan amount \$100,000
- Non-warrantable Condos permitted
- Manual Underwrite AUS not permitted



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## **Eligible Products and Terms**

### **30 Year Terms**

- **PBF330** 30-Year Fixed
- **PBF305** 5-Year I/O with loan fully amortizing over remaining 25 years
- **PBF310** 10-Year I/O with loan fully amortizing over remaining 20 years

### **40 Year Terms**

- **PBF400** 40-Year Fixed
- **PBF410** 10-Year I/O with loan fully amortizing over remaining 30 years



# **Program Eligibility Snapshot**

80% - 680
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75% - 660
80% - 700
65% - 640
80% - 700
75% - 700
75% - 680
65% - 680
Maximum 80% LTV/CLTV
Minimum 680 FICO
Qualify with fully amortized PITIA
• 49.99%
Maximum 350%
• FTHB 250%
Must be a family member
<ul> <li>Primary Residence – 1 unit only</li> </ul>
5% LTV/CLTV reduction
• LTV ≥ 70%: \$250,000
• LTV > 50 & < 70: \$500,000
• LTV ≤ 50%: \$1,000,000
• \$2500



#### **Income**

### **Self-Employed**

- Any borrower who has 25% or greater ownership in a business is considered self-employed.
- Must be self-employed with the same business for at least 2 consecutive years.
- A CPA/accountant/tax preparer letter verifying selfemployment & percentage of ownership is required.
- At least one borrower must have **51%** or more of their qualifying income from self-employment.
- Percentage of self-employment ownership
  - Personal Bank Statement Option: minimum 25%
  - Business Bank Statement Option: minimum 50%
- Confirmation that the business is currently operating must be provided.

### Non Self-Employed

- Stable monthly income 2 continuous years in the same line of work.
  - When the borrower has less than 2 years history, the lender must provide a written analysis to justify the determination that the income used is stable.
- High probability of continuing for at least 3 years.
- W-2 Transcripts for most recent 2 years required.
- 4506-C for non self-employment must be signed at closing.
- Gaps in Employment
  - Minimum of 2 years employment and income history. Gaps greater than 30 days must be explained.



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#### **Bank Statement Documentation**

- Business or Personal Bank Statements
  - Combination of personal and business bank statements is not permitted.
  - Personal bank statements also require the most recent 3 months business statements be provided.
  - 12 or 24 consecutive months within 90 days of the Note date.
    - Loan amounts greater than \$2,500,000 require 24 months bank statements.
- Business Narrative Form required when using business bank statements and the 50% Fixed-Expense option to calculate qualifying income.
- CPA letter confirming percentage of ownership required.
- Tax returns/tax transcripts must not be included in the loan file.



### **Bank Statement Income Calculation Requirements**

#### **Personal Bank Statements**

- Qualifying income is determined by the lower of the monthly net income stated on the initial Uniform Residential Loan Application or:
  - Total eligible deposits from the 24 or 12 months of personal statements divided by 12 or 24 months

#### **Business Bank Statements**

- Qualifying income is determined by the lower of the monthly net income stated on the initial Uniform Residential Loan Application, or one of the following methods:
- Option 1 Fixed Expense
  - Gross eligible deposits will be multiplied by a fixed 50% expense factor to determine a net deposit number and divided by 12 or 24 months, dependent upon the number of bank statements provided
- Option 2 CPA/Accountant Preparer Statement
- Option 3 Profit & Loss covering the same period as bank statements

An underwriting bank statement calculation form must be utilized and made part of the loan file.





# **Ineligible Deposits**

Unacceptable Deposits include, but are not limited to, the following:

- Cash advances from credit cards
- Income sources already taken into account
- Non business-related account transfers
- Tax refunds
- Product returns/credits
- Gift funds
- Credit line deposits/business financing
- Paycheck Protection Program (PPP) loans





## **1099 Income Option**

- 1099 income is permitted for individual(s) earning 100% commission or for independent contractors
  - 1 year or 2 years of 1099s or 1099 transcript(s) permitted using a 10% Expense Factor.
- Qualifying income is the 12 or 24 monthly average from the total number of 1099's minus the 10% Expense Factor.
- YTD documentation required to support the continued receipt of income from same source.



## Non-Sufficient Funds (NSFs)

- With a satisfactory LOE, no more than 3 NSFs are permitted in the last 12 months.
- Overdraft Protection: An overdraft is any occurrence whereby the account balance goes negative but is linked to another depository account or line of credit with the same financial institution.
  - Such occurrences are not considered in the 3 occurrence limit described above provided the account does not reflect in a negative balance, the account shows a transfer from the other account, and the underwriter has no concerns over the viability of the business.
  - A satisfactory LOE is also required.





# **Credit**

Attribute	Requirement
Mortgage History	<ul> <li>0X30X12         <ul> <li>1x30x12 permitted with a maximum of 80%</li> <li>LTV/CLTV</li> </ul> </li> <li>First time homebuyers must be able to document a satisfactory 12 month rental history – 0x30x12</li> </ul>
Credit Event Seasoning (BK, foreclosure, short sale, DIL, NOD or Forbearance)	<ul> <li>4 Years</li> <li>Waiting periods down to 36 months permitted and must meet the below criteria:</li> <li>LTV/CLTV must be 5% below product/program maximum</li> <li>Additional six (6) months reserves required</li> </ul>
Multiple Credit Events	Not Allowed
Required # of Credit Scores	All borrowers must have a minimum of two credit scores
Tradeline Requirements	<ul> <li>2 tradelines open for 24 months and active within the most recent 12 months, or</li> <li>3 tradelines must be rated for 12 months</li> </ul>





### **Asset Requirements**

- Large deposits inconsistent or atypical with the demonstrated bank statement activity must be verified if using for down payment, reserves, or closing costs. Lender is responsible for verifying large deposits.
- Asset verification by a Fannie Mae-approved asset validation provider is allowed in lieu of 2 months statements provided by the borrower.
- Asset verification must provide 60 days of account activity and include all items normally indicated on bank statements.
- Eligible assets must be held in a U.S. account.
- Gift funds:
  - May be used once borrower has contributed 5% of their own funds (not allowed for Investment properties)
  - LTVs > 80% not permitted
  - May not be used to meet reserve requirements





#### Reserves

Occupancy	Loan Amount	# of Months of PITIA
Primary, Second Home & Investment Property	≤ \$1,000,000	6
	\$1,000,001 - \$2,000,000	9
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- Additional 1-4 unit financed REO follow Fannie Mae Selling Guide for additional reserve calculation requirements.
- Borrowed funds, gift funds, and cash-out are not permitted to meet reserve requirements.





### **Collateral**

#### **Property Eligibility**

- Primary Residence and Investment properties 1-4 units
- Second Homes 1 unit
- Acreage
  - Maximum 40 acres
  - For properties >10 acres and up to 40 acres
    - Max land value of 35%
    - Properties must be residential in nature with no income-producing attributes.
  - For properties > 20 acres above requirements plus the following apply:
    - 10% reduction to maximum LTV
- Condominiums Warrantable
  - Follow Fannie Mae for review types, including Limited Review
- Condominiums Non-Warrantable
  - Only 1 non-warrantable feature is allowed and LTV/CLTV must be 10% below product/program maximum up to a
    maximum of 70% LTV/CLTV
- Cooperatives (Co-ops)
  - Follow Fannie requirements
  - No geographic restrictions, but must have co-op comps
  - Not allowed for Investment properties



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### **Appraisal Requirements**

- Appraisal Review
  - A Collateral Underwriter (CU) score of **2.5** or less or a Collateral Desktop Analysis (CDA) ordered from Clear Capital is required for loans where only one full appraisal is required.
  - The below criteria apply when CU is used to meet appraisal review requirements.
    - Maximum 80% LTV
    - Maximum loan amount of \$1,500,000
- Two appraisals required for the following transactions:
  - Purchase transaction with loan amount > \$2,000,000
  - Refinance transaction with loan amount > \$1,500,000
  - Appraisals must be completed by two independent companies.







# **Single Loan Variances**

We will consider Single Loan Variances to go outside of guidelines for loans with strong compensating factors.

- In order for us to consider a Single Loan Variance, the UW must securely submit the following:
  - 1008
  - 1003
  - Single Loan Variance form completed in full

*Note:* We are not currently able to have assets, income, or credit submitted with the documents.

- The Single Loan Variance typically takes 48 hours for review.
- The Single Loan Variance may have a pricing adjustment for the variance.



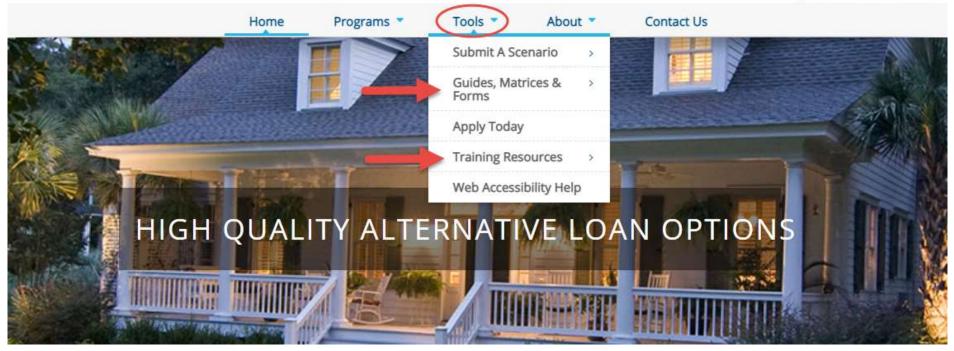
# **Non-Delegated Portal**



Questions? Call 855-253-8439 today

Non-Delegated Underwriting Portal

Delegated/Closed Loan Portal







## **Correspondent Portal**

#### 1. Loan Registration/Lock/Pricing

Print confirmations for the loans

#### 2. Product Matrices and Resources - Bayview

Bayview Product Matrices

#### 3. Seller Guides

Special Products Seller Guide

#### 4. Reference Library

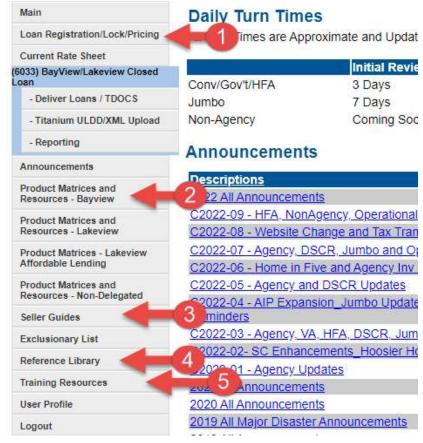
- Bayview Quick Reference Guide
- Delivery checklist for Closing and Credit
- Sample documents

#### 5. Training Resources

- Job Aids, Reference Guides, and Videos
- 1:1 Training available through Client Services

Please note access to the site may be limited by your organization.

Follow your internal process for obtaining information on program details.







#### Resources

- In the Correspondent online portal, under the **Training Resources** tab, step-by-step job aids are available detailing:
  - How to register, price, and lock loans
  - How to name, upload and deliver loans
- A video of this training is also posted for your reference.
- Refer to the delivery checklist and the Bayview Quick Reference Guide in the Correspondent online portal for all required documentation.
- For additional assistance on how to lock a loan, contact Client Services at 855-253-8439, option 3 or at <a href="mailto:ClientServices@BayviewLoans.com">ClientServices@BayviewLoans.com</a>.



# **Contact Information - Delegated**

General Program Rollout	Contact your internal Product Implementation Team or your Business Development Director.
Disclosures, Forms, or Conditions on Closed Loans	Contact NonAgencyDD@Bayview.com.
Pricing	Pricing and guidelines are available in most product and pricing engines. Contact your internal lock desk on how to access your pricing.
Pre-closing Program Guideline or Specific Scenario	Contact the Bayview Non-agency Scenario Desk at <a href="mailto:nonagency@bayview.com">nonagency@bayview.com</a> .
Locking or Delivering Loans	Contact Lakeview Client Services at 855-253-8439, option 3 or at <a href="mailto:clientservices@bayviewloans.com">clientservices@bayviewloans.com</a> .





# **Contact Information – Non-Delegated**

File Submission and Suspense Conditions	Non-Delegated Underwriting Portal Login.
Commitment Desk	NonDelCommitmentDesk@Bayview.com
Information	Or 855-253-8439, option 1.
Program Guideline or Specific Scenario	Contact the Bayview Non-agency Scenario Desk at <a href="mailto:nonagency@bayview.com">nonagency@bayview.com</a> or <a href="mailto:underwritingquestions@Bayview.com">underwritingquestions@Bayview.com</a>
Technical Support	Contact Lakeview Client Services at 855-253-8439, option 3 or at <a href="mailto:clientservices@bayviewloans.com">clientservices@bayviewloans.com</a> .





