

WELCOME!

**DSCR OVERVIEW AND HIGHLIGHTS
AUGUST MONTHLY BROKER
WEBINAR**

WEBINAR HOST



Jenny Beck, Director of Learning and Development



Shaun Dennison, EVP Non-QM Lending

Boost Your Pipeline Specials Are Here!



FHA/VA, Conventional, Non-QM, and Closed-End Seconds

FHA/VA & DPA Special*

Combine with our Prime Select Special for Improved Pricing

- 25 BPS** Price Improvement on FHA, VA & DPA loans 620+ FICO (excludes CalHFA, Standard Balance Streamlines FHA, VA)
- 37.5 BPS** Price Improvement on Streamlines (FHA/VA), Standard Balance only

**Note: FHA, VA & DPA specials are additive and may be combined with Select Specials Programs. See our [Prime Rate Sheet](#) for the Select Specials. Excludes Down Payment Assistance CalHFA.*

Conventional Rate/Term Refi Special

Combine with our Prime Select Special for Improved Pricing

- 25 BPS** Price Improvement on Conventional Rate/Term Refinances, Standard Balance only

Non-QM Special

- 25 BPS** Price Improvement on ALL Non-QM loans (excludes Select) Closed-End Seconds Special**
- 25 BPS** Price Improvement on ALL Closed-End Seconds

Restrictions apply, contact your Account Executive to learn more.

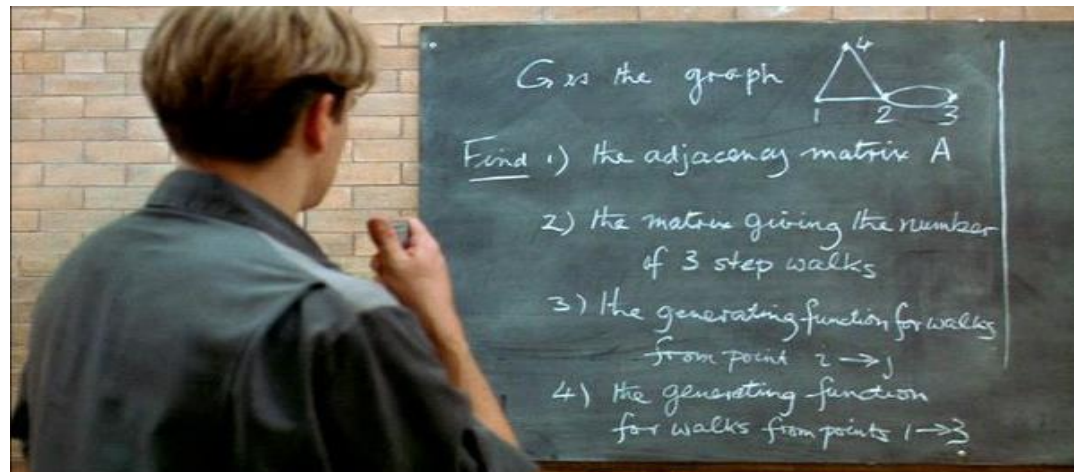
Specials are valid for loans locked 8/1/2024 through 8/31/2024. Offers subject to change at anytime, terms and conditions apply. Restrictions apply. Contact your Account Executive to learn more.

LoanStream Mortgage is not affiliated with or acting on behalf of or at the direction of the Federal Housing Administration, Veterans Administration, or the Federal Government.

***For Closed-End Seconds: Loans originated in US Territories and the following states are ineligible: AK, NY, TN, TX, VT, WV, WY. Restrictions apply, contact your Account Executive for details. Important to note that a Closed-End Second Mortgage may typically have a higher interest rate than the first lien mortgage.*

“THE WHY” of Knowing Non-QM

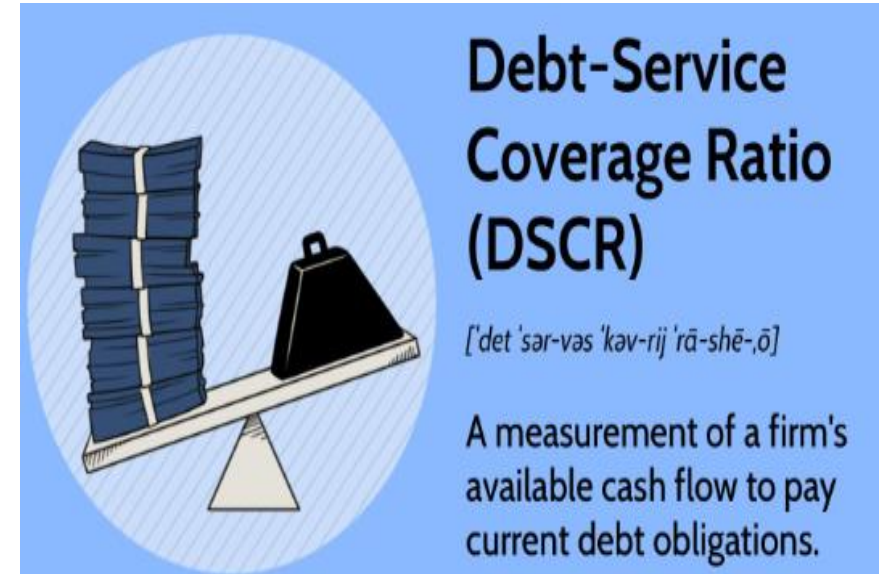
- The most successful AE's and brokers know/understand the guidelines of the NQM programs they are selling
- They know how to pivot between programs to save a loan
- They know how to question decisions/conditions when these decisions/conditions are incorrect.
- The ability to pivot and question are the differences between a 70% pull through and a 25% pull through or a 20 day cycle time vs a 45 day cycle time.



DSCR OVERVIEW AND HIGHLIGHTS

Agenda

- WHAT IS DSCR
- DSCR BENEFITS
- DSCR SUMMARY
- DSCR SELECT VS, DSCR VS, DSCR NO RATIO (.75)
- DOES IT CASHFLOW?
- SHORT TERM RENTALS
- PORTAL TIPS
- QUESTIONS?



DSCR

What is DSCR?

DSCR is defined as gross rents divided by qualifying PITIA or ITIA.

100% of the rents can be used and no vacancy factor is required.

A minimum of 1.00% DSCR is required for ALL DSCR programs and .75 is the minimum for our No (aka "low") Ratio Program .

Under the Debt Service Coverage documentation options, property income is used to qualify the transaction. Debt Service Coverage is available to Experienced and First Time Investors purchasing or refinancing investment properties to hold for business purpose.

Debt Service Coverage Ratio is a Business Purpose Loan

DSCR BENEFITS

- ✓ Faster Closing (**Non TRID** - No waiting periods)
- ✓ No Income or Employment documentation (do not include on 1003) /less hoops to jump through
- ✓ Less Disclosures
- ✓ DSCR ratios down to .75, providing flexibility for those higher leveraged properties
- ✓ Leveraging existing cash flow to acquire more investment properties

DSCR PRODUCT SUMMARY

- Investment properties ONLY
- Business purpose loans (Ex. C/O cannot be used for personal use like paying personal debt)
- Unlimited financed properties
- Waive reserves w/ LTV < 65%
- I/O payments can be used to drive the DSCR ratio
- Short term rentals OK! (and yes, Air DNA is acceptable as well!!)
- Vacant refinances are OK!
- C/O up to 1.5M
- First time investors are OK! / Cannot be a first-time home buyer
- Brokers can conduct DSCR business in states where licensing is not required
- Vest in LLC, Partnership, S-Corp or Corp - Minority members (< =15%) can remain off the loan (no personal guarantee)
- Cashout can be used as reserves
- Minimum Loan amount \$100,000

DSCR AT A GLANCE...

NanQ Investor Programs								
DSCR Select Ratio 1.25 DSCR Ratio 1.0 No-Ratio Ratio < 1.0								
Loan Amount	Select DSCR		DSCR					No Ratio
	FICO to Max LTV/CLTV		FICO to Max LTV/CLTV					FICO to Max LTV/CLTV
	740+	700+	740+	720+	680+	640+	620+	640+
\$ 1,000,000	75%	75%	85%	85%	80%	75%	70%	70%
\$ 1,500,000	75%	75%	85%	85%	80%	70%	65%	65%
\$ 2,000,000	75%	70%	80%	80%	75%	70%	60%	60%
\$ 2,500,000	70%	65%	75%	75%	70%	65%	55%	55%
\$ 3,000,000	65%	60%	70%	70%	65%	≤ 60%	≤ 50%	50%
\$ 3,500,000			65%	65%				
\$ 4,000,000								
Purchase	Max 75%		Max 85%					Max 70%
Rate and Term	Max 75%		Max 85%					Max 70%
Cash Out	<ul style="list-style-type: none"> 5% LTV reduction from Max LTV <i>Refer to C/O Restrictions</i>		<ul style="list-style-type: none"> 5% LTV reduction from Max LTV • Max 75% <i>Refer to C/O Restrictions for details</i>					<ul style="list-style-type: none"> 5% LTV reduction from Max LTV <i>Refer to C/O Restrictions</i>
Max LTV	Condo - 75% Condo NW - NA Condotel - NA 2-4 Unit - NA Rural - NA		Condo - 80% Condo Non-Warrantable (Max \$3.0M) - 75% Condotel - 75% 2-4 Unit - 80% Rural - 65%					60% 60% NA 60% NA
Min Loan Amount	Min. \$250,000		Min. \$100,000					Min. \$100,000
Ratio	Min 1.25 Ratio		Min 1.00 Ratio >80% LTV Min 1.20 Ratio					Min 0.75 Ratio
Housing History	0 x 30 x 12		1 x 30 x 12					0 x 30 x 12
Credit Event (BK,SS,FC,DIL)	48 Months		36 Months (12 BK 13 & 24 SS/DIL, Ch. 7 BK)					36 Months
Reserves	3 Mos, cash-out cannot be utilized		> 65% LTV, 3 Mos; cash-out can be utilized; Inexperienced Investors: 3 Mos, cash out cannot be utilized					6 Mos, cash out cannot be utilized
	Loan Amt: > \$3.0M, 12 Mos ; > \$2.0M, 6 Mos, cash out cannot be utilized							
Short Term Rentals	Not allowed		•5% Reduction • Max 80% LTV - Pur & R/T					Not allowed

DSCR CASHFLOW

DOES IT CASH FLOW? YES!!



Scenario: 30 Yr. fixed/Purchase/75%
LTV

Principle & Interest = \$1100/m

Taxes= \$225/m

Insurance= \$75/m

HOA= \$0/m

PITIA= \$1400/m

1007 on Appraisal= \$1500/m

DSCR ($\$1500/\1400) = 1.07

DSCR pricing category

DOES IT CASH FLOW? NO!!



Scenario: 30 Yr. Fixed I/O/Refi/65%
LTV

Interest Payment= \$4300/m

Taxes= \$1200/m

Insurance= \$200/m

HOA= \$500

ITIA- \$6200/m

Lease Agreement= \$4700/m

DSCR ($\$4700/\6200) = .76

No Ratio pricing category

DSCR ACCEPTABLE DOCUMENTATION

DOCUMENTATION TYPES

- **Purchase**

- Form 1007 (required)
- Existing lease agreement(s) if applicable (seller to provide)
 - Existing lease “assignment” or new lease can be used → up to 125% of market rent
- Air DNA (**Short Term Rental** “income driver” **IF** seller cannot provide 12-month receipt)

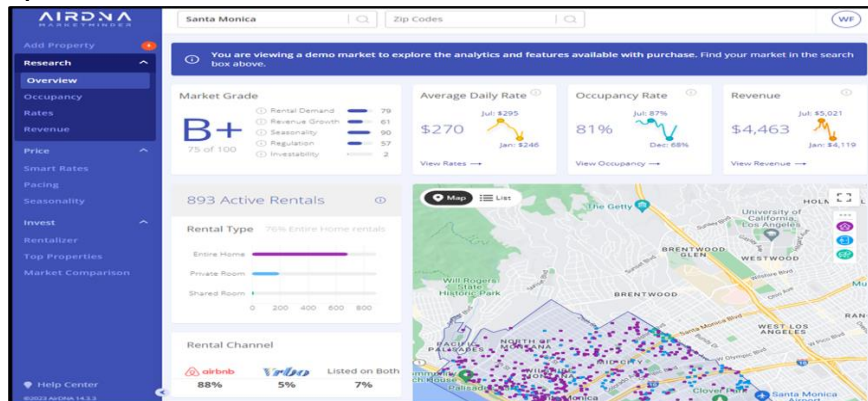
- **Refinance**

- Form 1007 (required)
- Lease agreement: If lease \$ is > than market rent, it can be used → up to 125% of market rent
- If subject property is leased on a short-term basis utilizing an online service such as Airbnb or VRBO, either:
 - 12-Month bank statements (flexibility @ 6 months minimum) to evidence receipt
 - An annual statement provided by the on-line service to document receipt of rental income

SHORT TERM RENTALS

Example calculation

- 12-month Airbnb (or Air DNA) print out shows \$90k total deposits (projected revenue)
- 80% profit factor applied to total income (20% management fee reduction)
- $\$90,000 \times .80 = \$72,000$
- $\$72,000 / 12 = \6000
- Monthly rent used for DSCR qualification = \$6000



Short Term Rentals

- Purchase or Refi – 80% LTV cap
- 1 Unit SFR, 2-4 Unit, PUD and Condo eligible
- Experienced investors only
- Apply 20% Management Fee Reduction to Income
- Document Income with 12 mo. history of receipt OR Air DNA/Overview Report supported by

➤ 1007/1025

- Vacant ok
- 1:1 DSCR



THE MOST POPULAR QUESTION IN DSCR HISTORY!

Q: My borrower owns a ton of properties; do I need to list them all on the REO section of the 1003?

A: Only list the properties that carry mortgages reflected on the borrower's credit report!



DSCR: Q&A (2 common questions)

Q: Does LendingPro allow the refinance of vacant properties?

A: Absolutely!! Both R/T and C/O

Q: What is LendingPros max IPC? Industry standard is 3%

A: @ LendingPro, we carry a 4% max w/ LTV > 80% and a 6% max with LTV ≤ 80%

Vacant / Unleased Properties

- Purchase Transaction Program Max
- Refinance Rate/Term
 - Loan Balance ≤ \$1,000,000 – 70% LTV Max
 - Loan Balance ≤ \$2,000,000 – 65% LTV Max
- Refinance Cash-Out
 - Loan Balance ≤ \$1,500,000 – 60% LTV Max
- Appraisal from LSM Preferred AMC only*
- LOE for cause of vacancy
 - *(contact AE for details)

LTV	Maximum Interested Party Contributions (IPC)
	TRID (Non-Business Purpose) & Non-TRID (Business Purpose)
> 80%	4%
≤ 80%	6%

DSCR PORTAL SUBMISSION TIPS

Loan Submission Type: Conventional, Government, Jumbo & MaxOne
 NanQ (Non-QM)

Agency includes Conventional, Government, Jumbo, MaxONE & Seconds

Is this a Business Purpose Loan: No Yes

A business purpose loan is NanQ/Non-QM loan (often DSCR) where the occupancy is investment. It can be one or more borrowers and/or closing as an LLC/Corp. Business Purpose loans are Non-TRID and include a Prepayment Penalty.

When submitting in the Portal:

Loan Submission Type: **Non-QM**
IF DCSR, select Business Purpose **YES**
(this ensures appropriate fields of the **1003**)

Mortgage Information

NanQ(Non-QM) No Yes

Business Purpose Loan? No Yes

Loan purpose * Refinance

Purpose of refinance * Rate/Term

Lien position First Second

Doc type * Investor - DSCR

Loan term 30 Year

Amortization Fixed ARM

Mid FICO * 780

DSCR % * 1

Buydown Type None

Is there a Co-Borrower? No Yes

Prepay Period 3 Years

Months of Reserves 6

Waive escrows No Yes

Self Employed No Yes

Vested in LLC? No Yes

Short Term Rental? No Yes

Interest Only No Yes

Citizenship US Citizen

Mortgage Lates? No Yes

Foreclosure? No Yes

Bankruptcy? No Yes

Property Information

Property zip * 92024

Property state * CA

Property city * Encinitas

Property type * SFD

Units 1

Occupancy type * Investment

Comp source Borrower Paid

My comp plan: BP: 2,750

Fixed Fee: 0

Min: 1,000

Max: 10,000

UW fee buyout No Yes (Fee bought-out)

Est. value * 400,000

Loan amount * 320,000

Sub Financing 0

LTV * 80.000

CLTV 80.000

When Pricing Select:

Make sure to hit all the appropriate fields in your pricer to get DSCR pricing results.

Here is an example of things to remember!

MARKETING AVAILABLE

[Marketing - LendingPros \(golendingpros.com\)](http://golendingpros.com)

Marketing Flyers

LendingPros PDF	AE Customizable PDF	Broker Customizable PDF
Manufactured Homes – Programs Allowed	Manufactured Homes – Programs Allowed	Manufactured Homes – Programs Allowed
		Add Logo/Image Instructions
Conventional Programs Overview	Conventional Programs Overview	Conventional Programs Overview
July Specials	July Specials	
Business Purpose	Business Purpose	
Non-QM VIP Program – Approved Brokers Only	Non-QM VIP Program – Approved Brokers Only	
BK Timeline Flyer	BK Timeline Flyer	
CalHFA and DPA Pro	CalHFA and DPA Pro	CalHFA and DPA Pro
CalHFA Dream for All	CalHFA Dream for All	CalHFA Dream for All
Closed-End Second Mortgages	Closed-End Second Mortgages	Closed-End Second Mortgages
Non-QM DSCR Non-Warrantable Condos	Non-QM DSCR Non-Warrantable Condos	Non-QM DSCR Non-Warrantable Condos

**NON-QM
LOAN
PROGRAMS**
Innovative Lending
Solutions



ASSET UTILIZATION

Featuring 60 Month Qualification

- Qualify by dividing assets over 60 months!
- Up to 80% LTV – Purchase and Rate/Term
- 75% Cash Out
- Minimum FICO 600
- Owner-Occupied, 2nd Home or Investment

BANK STATEMENTS

12 Month Bank Statement & P&L Programs

- Use 100% of Deposits on Personal Statements
- Use Up To 85% of Deposits on Business Statements

Program Highlights:

- Up To 90% LTV Purchase to \$2,000,000
- Up To 85% LTV Rate/Term
- Up To 80% LTV Cash Out
- Min FICO 600
- Loan Amounts Up to \$4,000,000
- Couple With Asset Utilization for Extra Income
- Transfers From Business to Personal OK!
- P&L Program comes with 3 Months Bank Statement

Qualify Using:

- Fixed Expense Factor
- Third Party Prepared P&L
- Third Party Prepared Expense Statement

ITIN

Loan Amounts to \$1,500,000

- Up to 85% LTV Purchase
- Up to 80% LTV C/O Refi
- Min FICO 660
- Loan Amounts to \$1,500,000
- Tax returns or 12-months Bank Statements for Self Employed
- Tax Returns and WVOE for W-2 Employed
- DSCR for Investment Properties

FOREIGN NATIONAL

For Non U.S. Citizens

- Up to 75% LTV Purchase Or R/T
- Up to 65% LTV Cash out
- Investment and 2nd Home
- Up to \$2,000,000 Loan Amounts
- Qualify with Asset Utilization or DSCR 1:1



THANK YOU

LendingPros, 19000 MacArthur Blvd, Ste 200, Irvine, CA 92612 | Phone: 833.421.8870 | LendingPros is a registered DBA of OCMBC, Inc. NMLS ID #2125. Programs and rates are subject to change without notice. Turn time estimates are not warranted or guaranteed. Intended for use by real estate and lending professionals only and not for distribution to consumers. OCMBC, Inc. is licensed in the following states that require specific licensing disclosures: AZ (#0909401). CA CFL - Loans made or arranged pursuant to the California Financing Law, Licensed by the Department of Financial Protection and Innovation under the California Residential Mortgage Lending Act (#4130724). GA Georgia Residential Mortgage Licensee (#20571). IL MB.6759942 Illinois Department of Financial and Professional Regulation, Division of Banking, 100 West Randolph, 9th Floor, Chicago, IL 60601 1-888-473-4858. MA Lender (#ML2125). MO Missouri Mortgage Company License #2125 In-State Office: Missouri In-State Branch License #2396190 313 S South, Suite 407 Springfield, MO 65806. RI Rhode Island Licensed Lender. NJ Licensed by the N.J. Department of Banking and Insurance. VA NMLS ID #2125 (www.nmlsconsumeraccess.org). Also licensed in AK, AL, AR, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MS, MT, NC, NE, NH, NM, OH, OK, OR, PA, SC, SD, TN, TX, UT, WA, WI, and WY. Not licensed or conducting business in New York. For more licensing information, visit the Nationwide Multistate Licensing System's Consumer Access website www.nmlsconsumeraccess.org. Copyright 2024.

For external use only.

