



[www.ForwardLendingMtg.com](http://www.ForwardLendingMtg.com)

844.941.5626



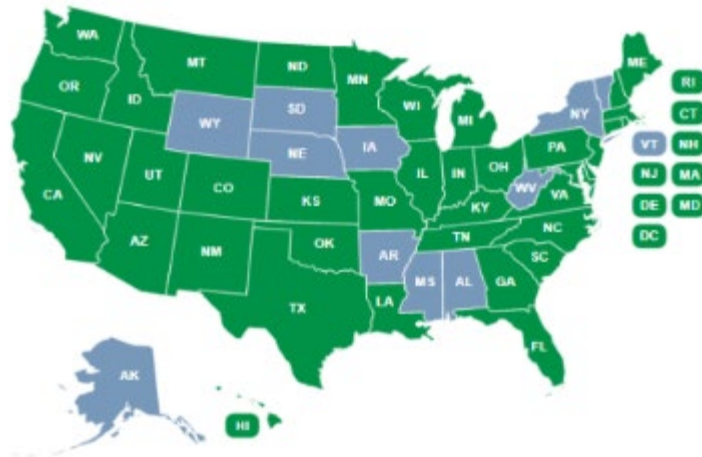
# Forward Lending

We Keep You Moving Forward

## Speed, Quality, Service

Forward Lending provides Speed, Quality and Service. Our combination of wholesale loan products and wholesale loan rates in the industry surpass the competition. We understand our clients need loan programs that give you the competitive edge with your customers. With a variety of different home loan products and programs to choose from including unique, Non-QM loan portfolio products, there's no other place to look than *FORWARD*.

## Licensed States



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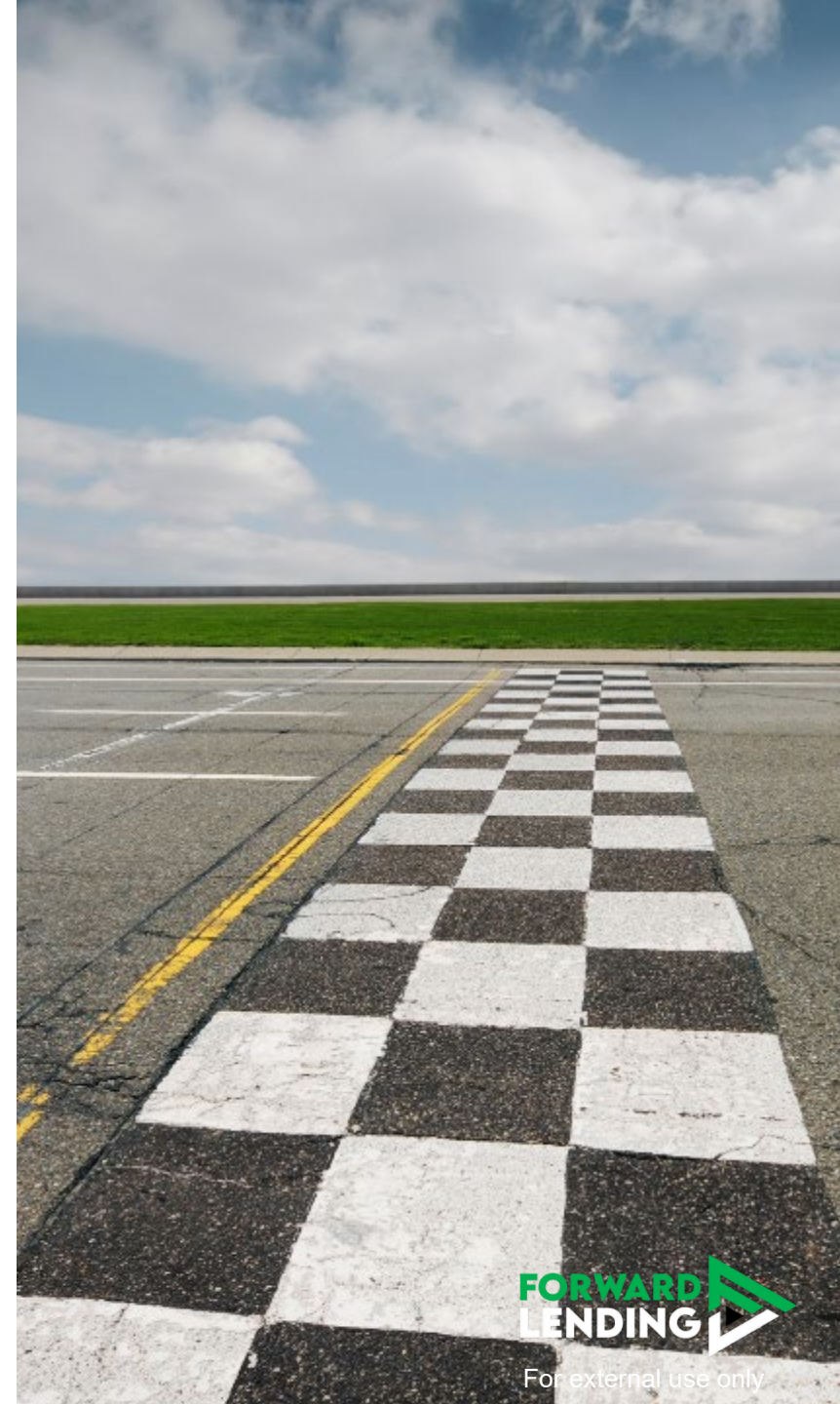
# WEBINAR HOSTS



Jenny Beck, Director of Learning and Development



Will Fisher, EVP NonQM Lending



# AGENDA

- Differences Agency Vs. Non-QM Lending
- Income Types
  - Alternative Documentation
  - Asset Qualification
  - No 4506C or Tax Returns!
- Cash Flow Only (Business purpose loans)
  - DSCR
    - LLC and Entities
- And MORE!!
  - Who is a Non-QM Borrower
  - Sourcing New Business/Resources
  - Questions?





# MOVE AHEAD OF THE PACK WITH OUR SPECIALS

## Spring Government Special

- 25 BPS price improvement on FHA and VA loans < 680 FICO
- 35 BPS Select Government Loans\* > 680 FICO, => \$250k DPA not included
  - FHA, VA and USDA

*\*DPA not included in Select Government Loan Specials*

## Spring Non-QM Special, Full Doc, Alt Doc and DSCR

- 25 BPS off on  $\leq 70\%$  LTV with 700-739 FICO
- 50 BPS off on  $\leq 70\%$  LTV with 740+ FICO.
- Select loan programs not included on Non-QM Specials

Specials valid from April 3<sup>rd</sup> – 30<sup>th</sup>, 2023

Restrictions apply on Specials so please speak with your Account Executive.



# FREE TRAINING FOR TEAMS

## THE TRACK

- Receive free training on one of the most powerful tools to help you close more loans, The Track.
- Learn how to submit, price, disclose your loan in minutes using our new TPO portal.
- Get an edge on the competition and expand your business at the same time with The Track.
- Schedule training now and reserve a spot for you and your team.
- Training available now!  
<https://forwardlendingmtg.com/the-track/>



# Non-QM Vs. Agency



# What is Non-QM?

## **Non-QM is a Non-Qualified Mortgage.**

A Non-Qualified Mortgage (Non-QM) is a home loan designed to help homebuyers who can't meet the traditional criteria of a **Qualified Mortgage**.

### **Old definition:**

A Non-Qualified mortgage is a loan that does not meet the specification laid out by Dodd-Frank and Appendix Q for a loan that is considered for coverage by the federal government if the loan should not perform as expected along with verification by Agency Automated Underwriting Systems or AUS. Specific Debt to Income ratios must be met in order to have a loan meet the requirements of a Qualified Mortgage.

### **New definition: (per the QM Final Rule)**

The lender provides the criteria for qualification along with documentation types and reasoning for why they made that borrower the loan. Additionally, qualification can be determined by the price a borrower pays in fees for a loan.



# Why Does This Exist?

In 2010 the Dodd-Frank Act, (named after two former Senators Chris Dodd and Barney Frank) was put into place after the 2008 mortgage meltdown. The purpose of the act: to protect consumers from taking out mortgages that are beyond their means to pay the loan.

In addition, The Consumer Financial Protection Bureau (CFPB) was established to regulate financial products and services. The agency helps ensure that customers are treated fairly by financial institutions.

# Agency Vs. Non-QM

## Agency Lending:

- Many lenders with extremely similar products
- Only differentiators are minimal price differentiation, minor overlays, or service
- Approval based on Automation Desktop Underwriter (DU) Fannie Mae or Loan Prospector (LP) Freddie Mac
- Exceptions and manual underwriting are rare and inconsistent

## Non-QM Lending:

- Lenders have unique products
- Large differences in LTV, Credit, Income, Property type and Service
- Structuring done by a highly trained and experienced AE (human)
- Exceptions and manual underwriting are the norm

# Non-QM OK Agency No Way!

## **Income Type:**

- Bank Statements for income qualification
- Asset Utilization (as a supplement and no DTI ratio)
- 1099 Only (No 4506C or Tax returns)
- VOE Only

## **Credit profiles:**

- Borrowers with a checkered credit past (unlike FHA, no MIP)
- Recent life events are OK!

## **Property Types:**

- Non-Warrantable Condos, etc.
- Acreage

## **Loan amounts & Loan Terms:**

- Up to \$4,000,000
- 40 year and Interest only terms





# Non-QM OK Agency No Way!

## Income Types:

- Bank Statements for income qualification
  - Self Employed Borrowers NO Tax Returns, No 4506C
    - 1- or 2-Years Self Employed OK
    - 12 Mo. of statements
    - P&L w/ 3 Months of statements
- Asset Utilization (as a supplement w/DTI OR No DTI ratio)
  - You don't have to be employed to qualify with Assets
  - You can supplement W2 or traditional SE income with Assets (as little as \$50,000)
  - Qualify the assets by dividing by the term of the fixed period
- 1099 Only (No 4506C or Tax returns)
- VOE Only (No 4506C or Tax returns)



# Non-QM OK Agency No Way!

## Credit profiles:

- Borrowers with a checkered credit past (unlike FHA, no MIP)
- Recent life events are OK!
  - Bankruptcies
  - Foreclosures
  - Deed In Lieu
  - Short Sales
  - Forbearances
- Mortgage Lates!!!
  - 1X30, 1X60, 1X120 ALL OK!
- Outstanding debts OK
  - Collections under certain amounts or old OK
- **Credit Upgrade Calculator!!!**



# Non-QM OK Agency No Way!

## Property Types:

- Non-Warrantable Condos, etc.
- Acreage

## Loan amounts:

- Up to \$4,000,000

## • Loan Terms:

- 40-year Loan Terms
  - Fixed Full Amortized
  - 40yr Interest Only
    - First 10yrs IO, then 30yr fixed





# Non-QM OK Agency No Way!

## **Investment Properties:**    *AKA Cash Flow Properties*

- DSCR (Debt Service Coverage Ratio)
  - No Borrower INCOME
  - No Borrower Personal Debts
  - No DTI
- Simply Qualify by covering the Subject Properties Monthly Payment!!!
  - Payment can be based on the Interest Only payment OR the full PITIA (borrower's choice)
  - 40yr Term available
  - Ratios as low as 1 : .75 (that means qualifying less than the ACTUAL PAYMENT!!)
  - Use Short Term Rents to Qualify, like AirB&B, VRBO, etc.
  - Hold title in the name of an entity, like an LLC. Protect the borrower's other assets!



# Ability To Repay (ATR)

The ATR rule requires that a Lender makes a reasonable, good faith determination before or when a loan is originated that the consumer has a reasonable ability to repay the loan, considering such factors as the consumers income or assets and employment status.

The Eight ATR UW Factors are:

- ✓ Current or reasonably expected income or assets
- ✓ Current employment status
- ✓ Monthly mortgage payment for the loan
- ✓ Monthly payment on any other loans secured by same property
- ✓ Monthly payments for property taxes and insurance
- ✓ Debts, alimony and child support
- ✓ Monthly debt to income ratio or residual income
- ✓ Credit history

# Qualified Vs. Non-Qualified Mortgage (Non-QM)

## Qualified Mortgage

- Points and Fees less than or equal to 3% of the loan amount
- Max Term 30 Years
- DTI 43% or lower in most cases – or AUS approve
- No IO, Neg Am, extended terms.. Etc

## Non-Qualified Mortgage

- Points and Fees 5% or less
- 40-Year loan terms and IO
- DTI may exceed 43%
- CFPB allows origination of Non-QM loans if a reasonably good faith determination is made that the customer can repay the loan (ATR)



# Sub Prime Vs. Non-QM Looking Back....

## Sub Prime- 2008

- Up to 100% financing
- Average FICO 580
- Stated Income
- No Reserves
- No Appraisal Requirements
- Neg Am or Balloon Payments OK
- Prepayment Penalties
- Exceptions, Light Conditions

## Non-Qualified Mortgage 2014-current..

- LTV Limits (90-95%)
- Average FICO 680 - 700
- Full Doc, Alt Doc, DSCR
- Reserves Required
- Approved AMCs
- No Neg Am or Balloon Payments
- No Prepays (owner occupied)
- Well documented, Conditions to support

# Market Growth and Opportunity

- Self Employed increasing \*according to US Bureau of Labor Statistics
  - 10+ Million reported in March of 2022
  - 9.6 Million reported in April of 2021
- Confidence in Non-QM performance
- Non-QM continues to evolve – more investors entering market
- Awareness- Brokers and Borrowers more aware of alternative programs to fit their unique needs
- Rising Interest Rates on Prime/Agency

# Who is a Non-QM Borrower?

Could be...

- Self Employed, excessive write offs
- Life Events
- Investors
- Alternative Income Sources
- Higher Loan Amounts/Exceed County Limits
- Unique Borrower Situations



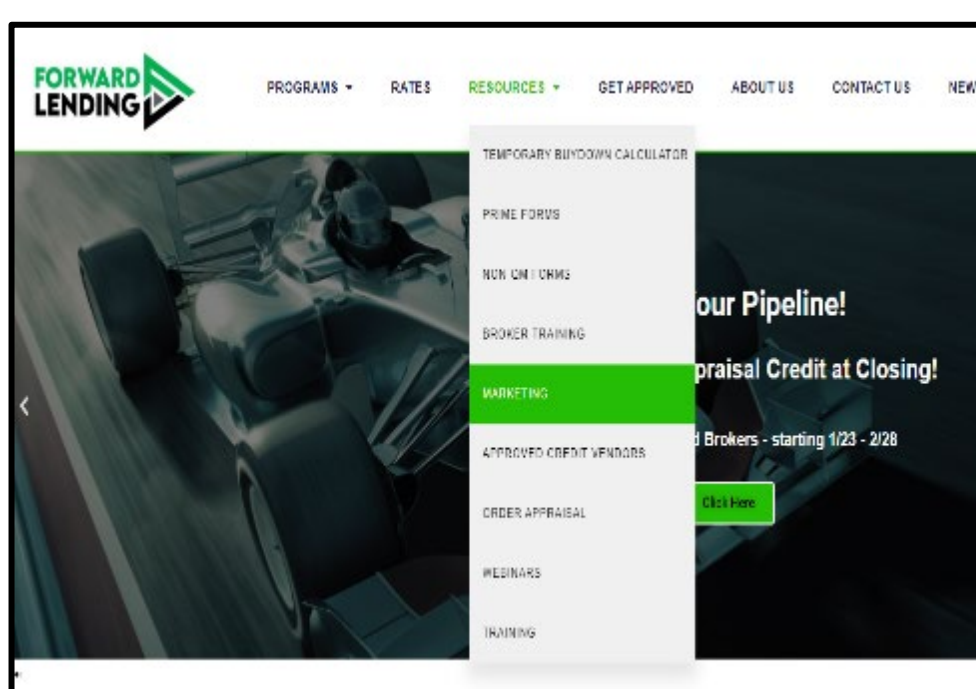
# What Set's Us Apart!

- We do it all, can be the one stop lender for all the Brokers needs
- Dedicated Scenario Desk, UW's
- Progressive Pricing / Innovative Matrix and Products
- Broker Lounge- Brokers can disclose in the Track
- We underwriter to our own guidelines - No Investor approval
- EZ Calc/EZ Qual
  - Calculate the income for you

# Sourcing New Business....

- Meet-Ups in your area
- LinkedIn and other Social Media
- Hard Money Lenders
- QM Lenders
- Wealth Managers
- Bankruptcy Attorneys
- Builders
- Investors
- Realtors
  - Open Houses, Broker Previews, Networking Opportunities

# Resources Available!



## Race to victory with our 1-0 BUYDOWN

Available on FNMA, VA, and FHA Purchase Loans

Now 2/1 and 1/0 buydown available for Conventional, VA, & FHA

High Balance and FNMA HomeReady available.

Our buydown loans provide a lower rate for the first one or two years, paid by the borrower. This can reach more clients to expand your pipeline!

**Program Highlights:**

- 30 year Fixed Rate Mortgages
- Primary Residences only
- Single Family Residences, PUD and Condos
- FNMA, VA, and FHA only – No DPA allowed
- High Balance available
- FNMA HomeReady option available
- Purchase Transactions only
- Term: 24 months (2-1)
- Term: 12 months (1-0)
- Borrower(s) are Qualified off 1-0 buydown rate
- Buydown cost is paid by Seller
- Seller Concessions:
  - Max 6% on FHA, Max 4% on VA
  - Max 6% up to 90% FNMA
  - Max 3% greater than 90% FNMA

Take advantage of offering this 2-1 Buydown and 1-0 Buydown program to your clients! Restrictions apply.

On FHA: Not available for Manually Underwritten Loans.  
Forward Lending is not affiliated with or acting on behalf of or at the direction of the Federal Housing Administration, Veterans Administration, or the Federal Government.

## ★★★★★ TOP 5 REASONS TO SEND US YOUR FHA 100% DPA LOANS!

Fast 100 Plus

- ★ Manufactured Homes & Condos Allowed
- ★ No First-Time Homebuyer Requirement
- ★ No DTI Overlays - Per AUS Findings
- ★ 600 FICO Allowed
- ★ Lender Paid Comps are Allowed

**CONTACT US TODAY TO LEARN MORE!**

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# CONTACT US

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# THANK YOU

## FORWARD LENDING

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