

**FORWARD
LENDING**



www.ForwardLendingMtg.com

844.941.5626

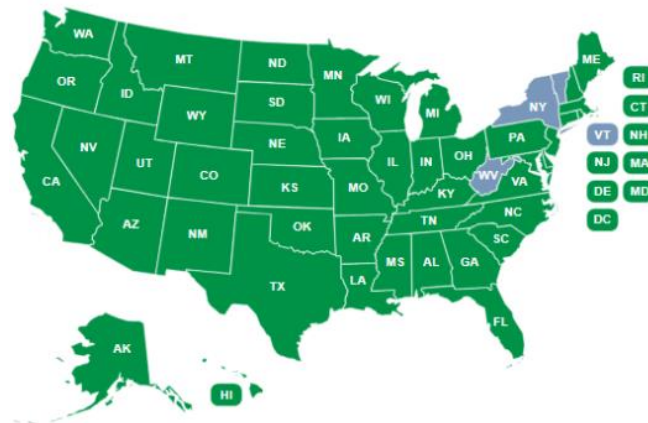
Forward Lending

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, US



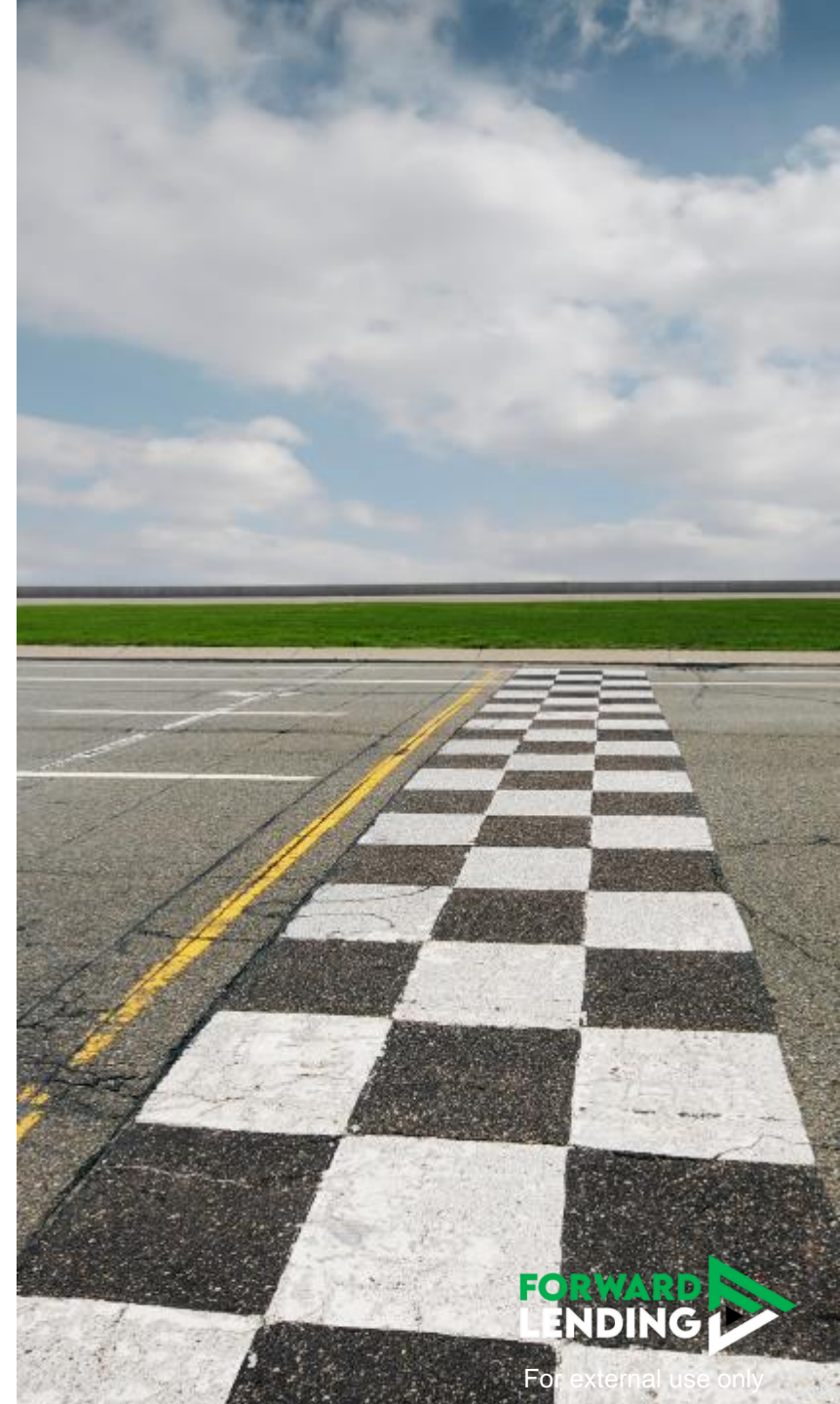
WEBINAR HOSTS



Jenny Beck, Director of Learning and Development



Shaun Dennison, EVP Non-QM Lending



For external use only

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/>



TAKE THE LEAD WITH MARCH SPECIALS!

Prime:

- 37.5 BPS Price Improvement on FHA/VA loans 660 – 719 FICO (excludes DPA and CalHFA)
 - 50 BPS Price Improvement on FHA/VA loans 720+ (excludes DPA and CalHFA)
- Note: FHA/VA specials are in addition to and may be combined with Select. Excludes Down Payment Assistance DPA and CalHFA.*

Non-QM:

- 50 BPS Price Improvement on all Non-QM loans < \$2MM loan amount

Closed-End Seconds:

- Up to 100 BPS Price Improvement on all Closed-End Seconds (50 bps for CA loans)
- Closed-End Seconds special may not be combined with any other special

Specials are valid for loans locked 3/1/2024 through 3/31/2024. Offers subject to change at anytime, terms and conditions apply. Restrictions apply. Contact your Account Executive to learn more.

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.



DSCR

UNDERSTANDING SHORT TERM RENTALS



Understanding 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 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- GENERAL HIGHLIGHTS

- ✓ Investment properties ONLY
- ✓ Business purpose loans (Ex. C/O cannot be used for personal use like paying personal debt)
- ✓ Unlimited financed properties
- ✓ I/O payments can be used to drive the DSCR ratio
- ✓ Short term rentals OK!
- ✓ Vacant refinances are OK! We will touch on this again in a few slides
- ✓ Condotels are acceptable! (\$1.5M max loan amount)
- ✓ 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- all members/owners must be on loan
- ✓ Cashout can be used as reserves
- ✓ Minimum Loan amount \$100,000



DSCR- GUIDELINES AT A GLANCE

NonQM Investor Programs								
DSCR Select Ratio 1.25 DSCR Ratio 1.0 No-Ratio Ratio <1.0								
Qualifying Matrix	Forward SELECT		Forward 1 : 1				Forward NO RATIO	
Loan Amount	FICO to Max LT/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	• 5% LTV reduction from Max LTV <i>Refer to C/O Restrictions</i>		• 5% LTV reduction from Max LTV • Max 75% <i>Refer to C/O Restrictions for details</i>				• 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	
Minimum 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, <i>cash-out cannot be utilized</i>		> 65% LTV, 3 Mos; <i>cash-out can be utilized</i> ; 12 Mos on Foreign Nationals; 3 Mos. for Inexperienced Investors, <i>cash-out cannot be utilized</i>				6 Mos, <i>cash-out cannot be utilized</i>	
	Loan Amt > \$3.0M, 12 mos. reserves; > \$2.0M, 6 mos. reserves, <i>cash-out cannot be utilized</i>							
Short Term Rentals	Not allowed		•5% Reduction • Max 80% LTV - Pur & R/T				Not allowed	
Declining Mkt Rent	≥ 1:1 DSCR Max LTV 65% OR Program Max LTV ≥ 1.25 DSCR						Not allowed	
Recently Listed w/C/O (< 6 Mos. Off Mkt)	Delisted ≥ 30 days and leased allowed Value is lower of lowest listing price w/in 180 days or appraised value 3 Mos reserves (not from C/O), 1 yr. min. PPP required, 70% Max LTV						Not allowed	
Condotel	Not allowed		• Max 65% LTV - R/T & C/O • \$1.5M Max • \$250,000 Min				Not allowed	
ITIN	Not allowed		• 700+ FICO • Max 75% LTV - Pur & R/T • Max 70% LTV - C/O • \$1.5M Max • Condotels ineligible				Temporary Suspension	
Foreign National	Not allowed		• 700+ FICO • Max 75% LTV - Pur & R/T • Max 65% LTV - C/O • Max LA \$2M • Condotels Ineligible • 12 mos min. reserves required				Temporary Suspension	
DACA	Not allowed		• Max 80% LTV - Pur & R/T				Not allowed	
Interest Only	• Qualify on IO Payment ALL States • Reserves based on IO Pmt							

Loan Programs	
Fully Amortized ARM	<ul style="list-style-type: none"> • 5/6 SOFR: (2/1/5 Cap Structure) • 7/6 SOFR: (5/1/5 Cap Structure)
Fully Amortized Fixed	<ul style="list-style-type: none"> • 15-Year Fixed (180 Months) • 30-Year Fixed (360 Months) • 40-Year Fixed (480 Months)
Interest-Only (IO)	<ul style="list-style-type: none"> • 30-Year Fixed IO (120mos. IO + 240mos. Amor.) • 40-Year Fixed IO (120mos. IO + 360mos. Amor.) • 5/6 IO SOFR: (2/1/5 Cap Structure) • 7/6 IO SOFR: (5/1/5 Cap Structure)
<p>Debt Service Coverage Ratio Requirements</p> <p>Qualifying Ratio</p> <ul style="list-style-type: none"> • Gross Income/PITIA or ITIA; Qualified on cash flow of subject property. • Gross Income: Lower of estimated market rent from Form 1007 and monthly rent from existing lease (if lease amount is higher, needs to be documented with two months proof of receipt of rent or if brand new lease see guidelines). <p>Investor Experience</p> <ul style="list-style-type: none"> • Experienced Investor: Must have at least ONE of the following: <ol style="list-style-type: none"> 1) Owned 2 or more properties greater than most recent 12 months. 2) Owned 1 investment property for greater than the most recent 24 months. 3) Ownership in commercial RE within the last 12 months. • Inexperienced Investor/1st Time Investor: Must have owned a residence (primary or investment) in the most recent 12 mos, for a min of 12 mos 80% Max LTV \$1,500,000 Max LA Max 60% LTV for No-Ratio < 1.00 C/O NA for No-Ratio Inexperienced Investor 3 Mos reserves, cash out cannot be utilized 	

DSCR- ACCEPTABLE DOCUMENTATION

DOCUMENTATION TYPES – Short Term Rental (STR) focus →

- Purchase (STR)
 - Form 1007
 - Most recent 12-month rental history statement from the 3rd party rental/management service (may be provided by the seller if a purchase transaction)
- Refinance (STR)
 - Form 1007
 - Subject property is leased on a short-term basis utilizing an online service such as Airbnb, VRBO or private party:
 - 12-Months bank statements showing receipt or;
 - An annual statement provided by the on-line service to document receipt of rental income

DSCR SHORT TERM RENTALS

Example calculation

- 12-month AirBnB print out or 12 months bank statements show \$90k total deposits
- 80% profit factor applied to total deposits (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 – 5% LTV reduction / 80% LTV cap
- 1 Unit SFR, 2-4 Unit, PUD and Condo eligible, Condotel min 1.20 DSCR
- No first-time investors & no inexperienced investors
- Apply 20% Management Fee Reduction to Income
- Document Income with 1007/1025 supported by 12 mos history of payments OR AirDNA/Overview Report (purch. only)
- Rural not available
- Vacant ok



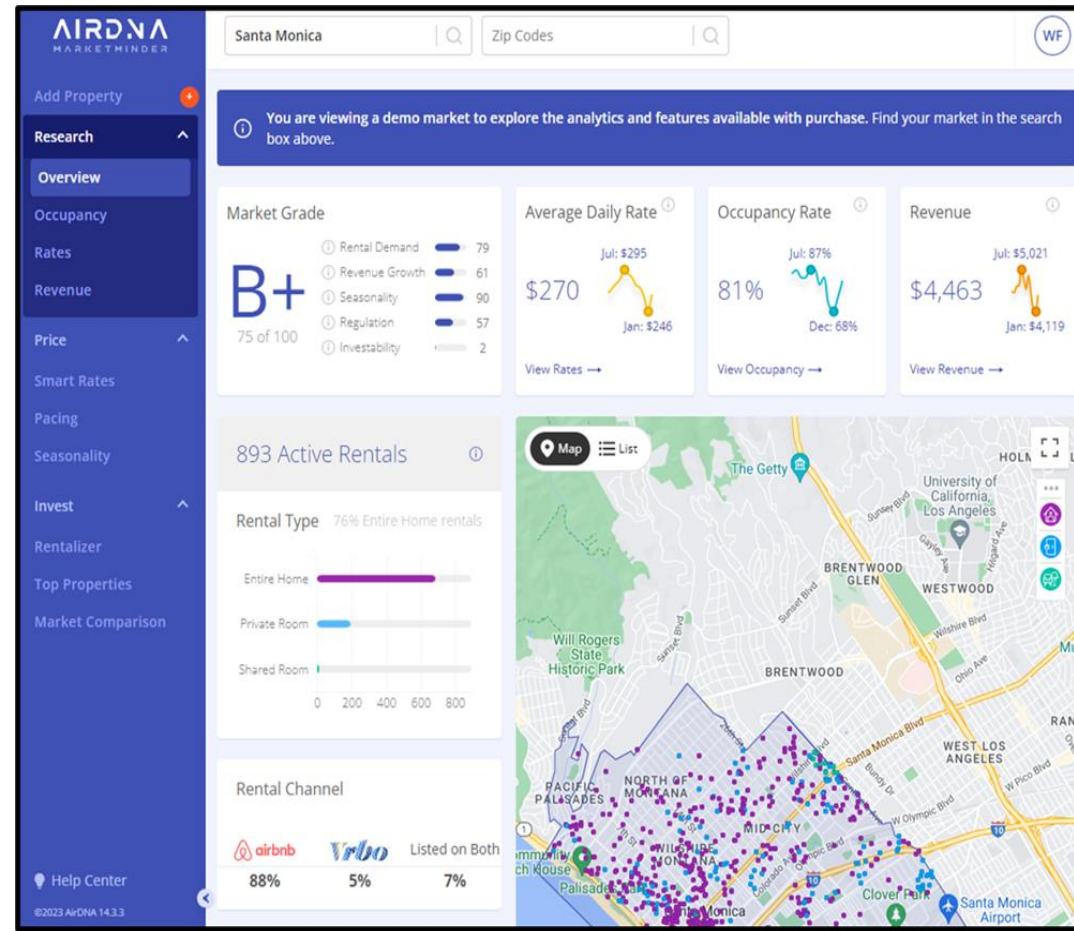
SHORT TERM RENTAL Purchase/Refinance + AirDNA

Rentalizer:

- Forecast period must cover 12 months from Note date
- Occupancy rate threshold:
 - ≥ 50 requires a min 1.00 DSCR
 - < 50 requires a min 1.20 DSCR
- Must have six (6) comparison properties
- Must be within two (2) miles of subject property

Overview Report

- Market score by zip code
- Market score threshold:
 - ≥ 60 requires a min 1.00 DSCR
 - $\geq 50 - 59$ requires a min 1.20 DSCR
- **Income calculation (annual revenue \div 12)**



Can I use AirDNA on a R/T refinance?? Why YES YOU CAN!!

AirDNA Rentalizer and Overview Report is acceptable on transactions when:

Subject property is new construction with an occupancy cert issued within the last 60 days.... **OR**

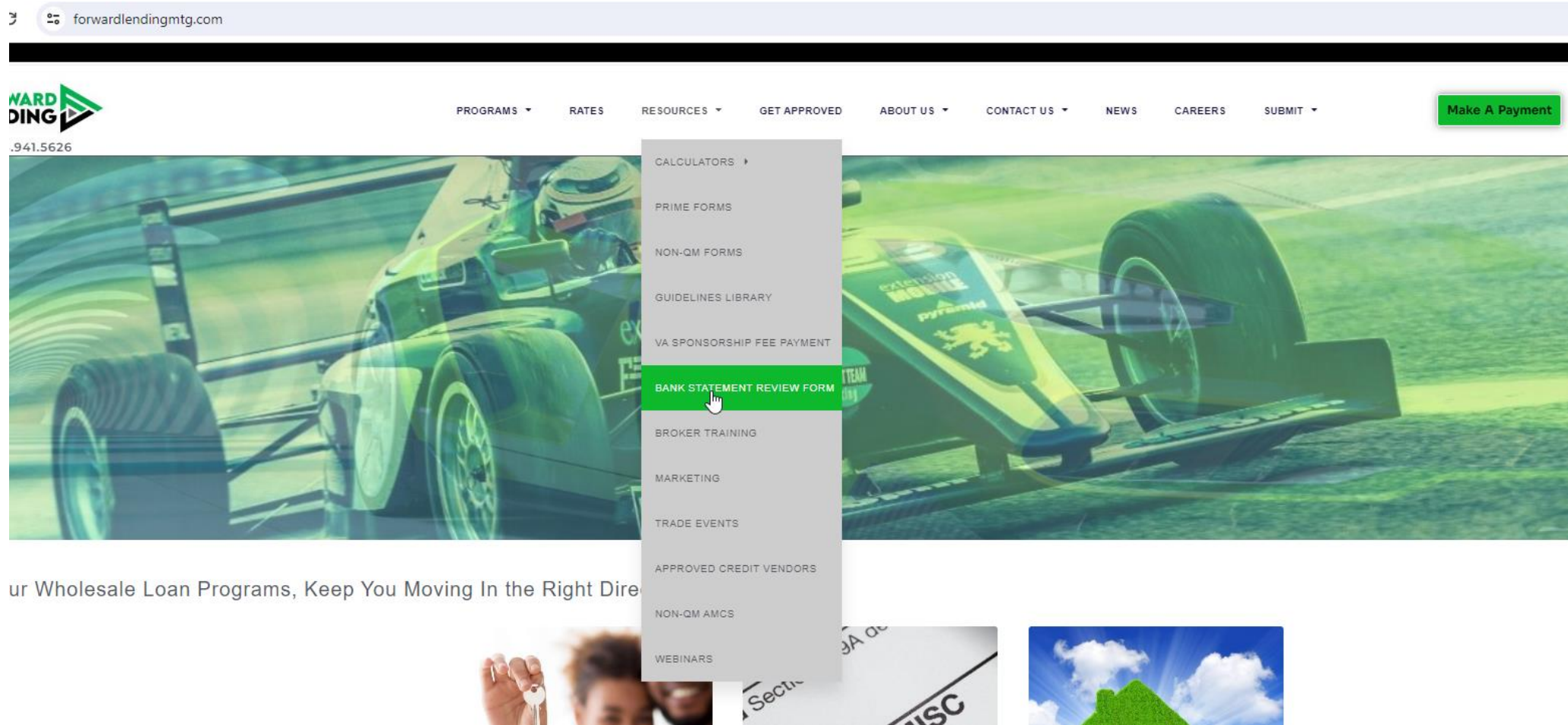
Renovation of an existing property was completed in the last 60 days as evidenced by supporting documentation

60 days seasoning is measured from renovation completion or occupancy cert issued dated to application date

BANK STATEMENTS HOW TO CALCULATE INCOME!



EZ Calc access: Forwardlendingmtg.com



BANK STATEMENT REVIEW FORM SITE – don't want to calculate the income? We will do it for you!!

Company & Loan Officer Information	Borrower Information	Loan Information
<p>Forward Lending Account Executive *</p> <input type="text"/>	<p>Borrower #1: First and Last Name *</p> <input type="text"/>	<p>Select one: 12 month or 3-month bank statement with P & L *</p> <p><input checked="" type="radio"/> 12 month</p> <p><input type="radio"/> 3-month</p>
<p>Forward Lending AE Email</p> <p>Email Address</p> <input type="text"/>	<p>Borrower #2: First and Last Name</p> <input type="text"/>	<p>12 or 3 months Bank Statements are one of the following (Select One): *</p> <p>- Select -</p>
<p>Company *</p> <input type="text"/>	<p>Number of Years Self-Employed *</p> <p><input type="radio"/> Less than 1 year</p> <p><input type="radio"/> 1 Year or more</p>	<p>Expense Factor *</p> <p><small>Forward Lending can assign a standard expense factor unless there's a specific expense factor that can be applied.</small></p> <p>- Select -</p>
<p>Loan Officer *</p> <input type="text"/>	<p>Last 4 Digits of the SSN of Borrower1 *</p> <input type="text"/>	<p>Loan Structure Desk *</p> <p><small>Submit the following additional information if you need assistance with credit grade and loan structuring</small></p> <input type="text"/>
<p>Loan Officer Phone Number *</p> <input type="text"/>	<p>Borrower's Business Type *</p> <p>- Select -</p>	<p>Exception Request</p> <p><small>If applicable, let us know if you are requesting a guideline exception and explain details below.</small></p> <p>Your Message</p> <input type="text"/>
<p>Loan Officer Email *</p> <input type="text"/>	<p>Percent of Ownership (Minimum Allowed 25%) *</p> <p>- Select -</p>	<p>Comments</p> <p><small>Please share any income concerns or questions you may have and include other helpful information that will assist in us more accurately calculating the bank statements.</small></p> <p>Your Message</p> <input type="text"/>
<p>Additional Email (2nd AE or Processor)</p> <p>Email Address</p> <input type="text"/>	<p>Number of Employees and/or Contractors *</p> <p>- Select -</p>	<p>Securely Upload Bank Statements</p> <p>Choose Files</p> <p>Submit Form</p>

Submit Form



BANK STATEMENT BORROWERS

Who Qualifies?


Designed for Self-Employed borrowers and 1099 borrowers who take full advantage of the US tax code and can best show their full income picture via bank statements instead of traditional tax returns.

How to Qualify?

- EZ Calc won't be completed until all 12 months statements are received
- 12 – 24 months (business or personal) bank statements or 3 Months of Bank Statements (+P&L) - **We need to make sure we have ALL required bank statements @ submission.**
****Missing/trailing statements can hurt!!****
- 3 months Bank Statements will require a 12-month P&L (Don't forget the P&L 😊)
- Forward Lending Self-Employment Questionnaire



SELF EMPLOYMENT Business Narrative

FORWARD LENDING 

SELF-EMPLOYMENT BUSINESS NARRATIVE, QUESTIONNAIRE, AND CERTIFICATION

[CLEAR FORM](#) [SAVE FORM](#)

1. Describe the business. Please provide as much detail as possible.

2. Does the business have a physical location? Yes No

a. Does the business have more than one physical site? Yes No

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

3. How many people work for you?

a. Full-time? _____

b. Contractors? _____

4. Does the business manufacture a product that has a cost of goods or does the business resell a product? Yes No

a. If yes, do you carry inventory Yes No

5. Is the nature of your business a service that does not carry inventory? Yes No

6. Do you work in the Real Estate business as a Property Investor, do you fix and flip properties, or do you develop properties? Yes No

7. If the business address is different than the home address, please explain the use of the business address.

8. What percentage of the business do you own? _____

9. Is there anything else about the business that is important to know to analyze the bank statements?

I/We hereby certify that this information is true, accurate, and complete. I/We understand that any misrepresentations made in this questionnaire may result in declination of our loan application.

Borrower Signature _____ Date _____ Co-borrower Signature _____ Date _____

Borrower Printed Name _____ Co-borrower Printed Name _____

FWD-F-WS_NQMSEQUEST | REV. 02/12/2024 1/1

IMPORTANT TO NOTE: this form is **VERY** important. The questions answered here will drive the income figure for qualification. Please take your time and answer correctly so we can get you an accurate income figure.

EXPENSE FACTOR

Business and Comingled Statements FIXED Expense Factor Assumed →

Gross Monthly Qualifying Income X (100% - Fixed Expense Ratio) (from table below)

FIXED EXPENSE FACTOR TABLE			
Number of Full-time Employees/Contractors	0—1	2—10	10+
Service Business *	20%	40%	60%
Product Business **	30%	50%	70%
Real Estate Business ***	70%	75%	80%

*Service Business examples: Accounting, Consulting, Counseling, Financial Planning, Insurance, Law, Therapy, etc.

**Product Business examples: Clothing/Jewelry, Construction, Food Service/Restaurant, Manufacturing, Retail, Trucking, etc.

***Real Estate Investors (without a schedule of current real estate), Property Developers and Property Flippers. CPA letters will not be accepted for a lower expense ratio.

BANK STATEMENT DEPOSIT DISQUALIFIERS

Bank Statement Deposit “Key word disqualifiers”

- Transfer
- Loan
- Refund
- Credit
- Withdrawal
- Advance
- Disbursement
- Draw
- Interest
- Payroll Protection PPP
- IRS Treasury



COMPLETE MATRIX ON OUR WEBSITE!

NonQM "Select" and Grades																			
Full Doc / Alt Doc Purchase, R/T & C/O Income Types Include: Full Doc - 12, 24 mos, Alt Doc - 1099, WVOE, Asset Utilization, Bank Statements, P&L with 3 mos Bank Stmt, One Yr Self-Employment, Assets as blended income.																			
Loan Amount	Select NQM					A+					A				B				C
	FICO to Max LTV/CLTV					FICO to Max LTV/CLTV (Min 660 FICO)					FICO to Max LTV/CLTV (Min 600 FICO)				FICO to Max LTV/CLTV (Min 600 FICO)				(Min 600 FICO)
	740+	720+	700+	680+	660+	740+	720+	700+	680+	660+	720+	680+	640+	600+	720+	680+	640+	600+	600+
\$ 1,000,000	85%	85%	85%	80%		90%	90%	90%	85%	80%	85%	80%	80%	80%	80%	80%	80%	80%	70%
\$ 1,500,000	85%	85%	80%	75%		90%	90%	90%	85%	80%	80%	80%	75%	80%	75%	75%	75%		
\$ 2,000,000	85%	80%	75%	75%		90%	90%	85%	80%	75%	75%	75%		70%	65%	50%			
\$ 2,500,000	80%	75%	75%	65%		80%	80%	80%	75%	70%	70%	70%		60%	50%				
\$ 3,000,000	75%	75%	65%	60%		80%	80%	75%	70%	60%	65%	60%		50%					
\$ 3,500,000						65%	65%	60%	60%	50%	50%								
\$ 4,000,000						65%	60%	50%											
\$ 5,000,000																			
Purchase	Max 85%					Max 90%					Max 85%				Max 80%				Max 70%
Rate & Term	Max 80%					Max 85%					Max 80%				Max 80%				Max 70%
Cash Out	• 5% LTV reduction from Max LTV • Max 75% Refer to C/O Restrictions for details					• 5% LTV reduction from Max LTV • Max 80% Refer to C/O Restrictions for details					• 5% LTV reduction from Max LTV • Max 75% Refer to C/O Restrictions for details				• 5% LTV reduction from Max LTV • Max 70% Refer to C/O Restrictions for details				Not allowed
Max LTV	Non-Owner Occupied - 75% 2nd Home - 75% Condo - 85% Condo Non-Warrantable - NA Condotel - NA 2 Unit - 80% 3-4 Unit - 75% Rural - NA					Non-Owner Occupied - 85% 2nd Home - 85% Condo - 85% Condo Non-Warrantable - 75% Condotel - 75% 2 Unit - 85% 3-4 Unit - 80% Rural - 70%					Non-Owner Occupied - 80% 2nd Home - 80% Condo - 80% Condo Non-Warrantable - 75% Condotel - 75% 2-4 Unit - 80% Rural - 70%				Non-Owner Occupied - 75% 2nd Home - 75% Condo - 75% Condo Non-Warrantable - 70% Condotel - 65% 2-4 Unit - 75% Rural - 65%				NOO - NA 2nd Home - NA Condo - 65% Condo NW - NA Condotel - NA 2-4 Unit - NA Rural - NA

Resources/Marketing Material on our website!

The screenshot displays the Forward Lending website's navigation menu. The 'RESOURCES' dropdown is open, listing the following items: CALCULATORS, PRIME FORMS, NON-QM FORMS (highlighted in yellow), GUIDELINES LIBRARY, VA SPONSORSHIP FEE PAYMENT, BANK STATEMENT REVIEW FORM (highlighted in yellow), BROKER TRAINING, MARKETING (highlighted in yellow), TRADE EVENTS, APPROVED CREDIT VENDORS, NON-QM AMCS, and WEBINARS (highlighted in yellow). The background features a hero image of a race car driver with the text 'Rev u with Non-QM Closed End Second Mortgages' and a 'Learn More' button. Below the hero image, there are two smaller images: one showing a hand holding a document labeled 'Section 409A' and another showing a green hill under a blue sky with clouds.

CONTACT US

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THANK YOU

FORWARD LENDING



WE KEEP YOU MOVING FORWARD

www.ForwardLendingMtg.com

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