



**FORWARD
LENDING**



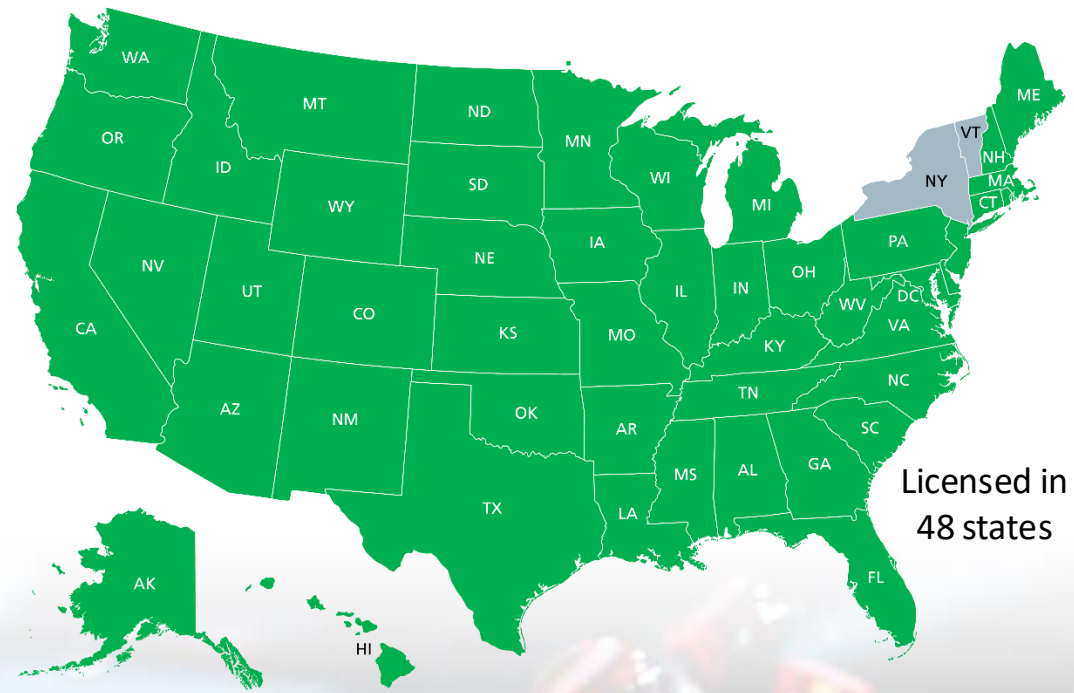
FORWARDLENDINGMTG.COM

DSCR OVERVIEW AND HIGHLIGHTS!

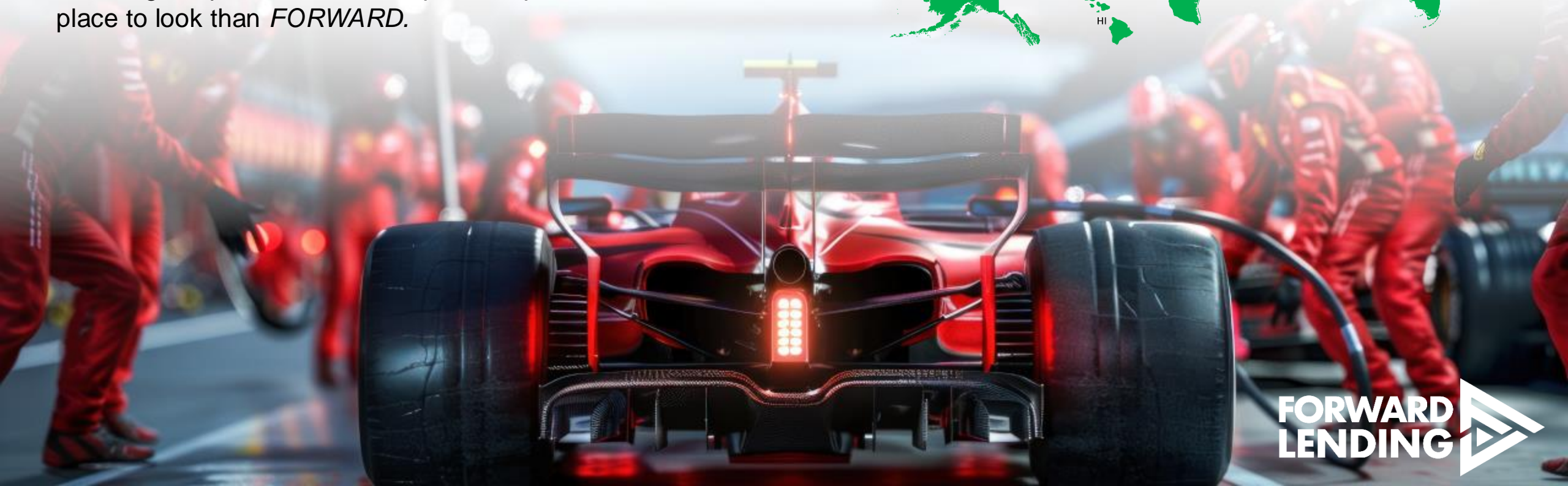
FORWARD LENDING

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 in
48 states



WEBINAR HOSTS



Jenny Beck, Director of Learning and Development



Shaun Dennison, EVP Non-QM Lending



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/>

SPECIALS FOR AUGUST!

FHA/VA & DPA Special*

August Prime Specials below can be combined with Select Pricing! Applies to Standard

- 25 BPS improvement on FHA/VA/DPA 620+ FICOs (excludes CalHFA, FHA SL and VA IRRRLs)
 - .375 BPS improvement on FHA Streamline and VA IRRRL products
 - .25 BPS improvement on Conventional R/T Refinances
- Combine with our Prime Select Special for Improved Pricing. 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. Contact your Account Executive to learn more

*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.

**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.



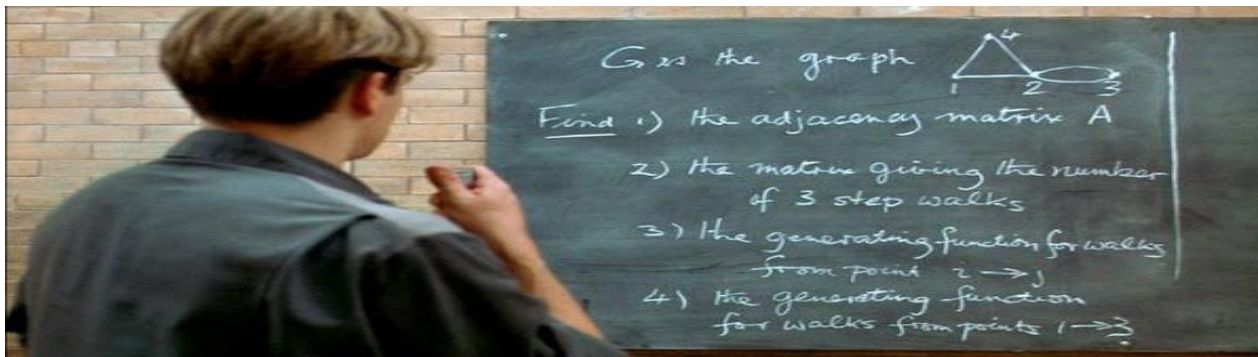


DSCR OVERVIEW AND HIGHLIGHTS



"THY WHY" OF KNOWING NQM

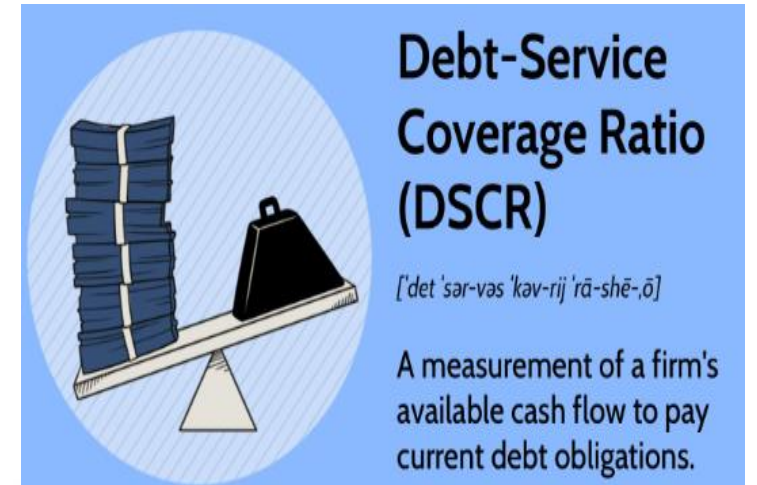
- The most successful AE's and brokers know/understand the guidelines of the NQM programs they are selling
- They know how to pivot between programs to save a loan
- They know how to question decisions/conditions when these decisions/conditions are incorrect.
- The ability to pivot and question are the 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*
- *QUESTIONS?*



DSCR OVERVIEW AND HIGHLIGHTS

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 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	• 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	
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

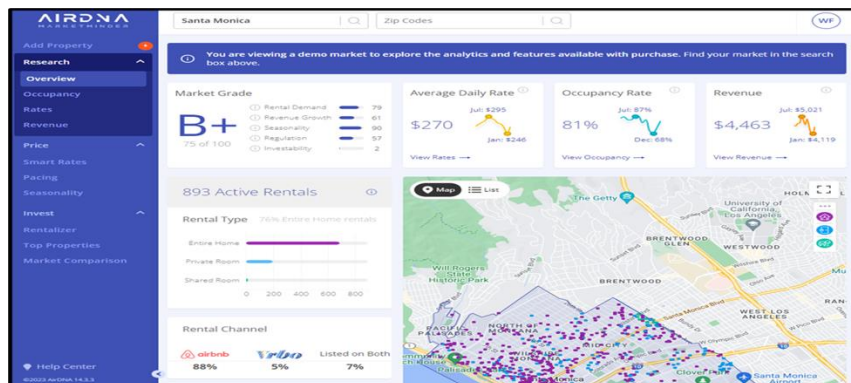
- Purchase
 - Form 1007 (required)
 - Existing lease agreement(s) if applicable (seller to provide)
 - Existing lease “assignment” or new lease can be used → up to 125% of market rent
 - Air DNA (Short Term Rental “income driver” ****IF**** seller cannot provide 12-month receipt)
- Refinance
 - Form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



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 Forward Lending allow the refinance of vacant properties?

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

Q: What is Forward Lending's max IPC? Industry standard is 3%

A: @ Forward Lending, 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

Please Select Submission Type:

Conventional, Government, Jumbo & Fast 100

Non-QM

Is this a Business Purpose Loan: No Yes

A business purpose loan is 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

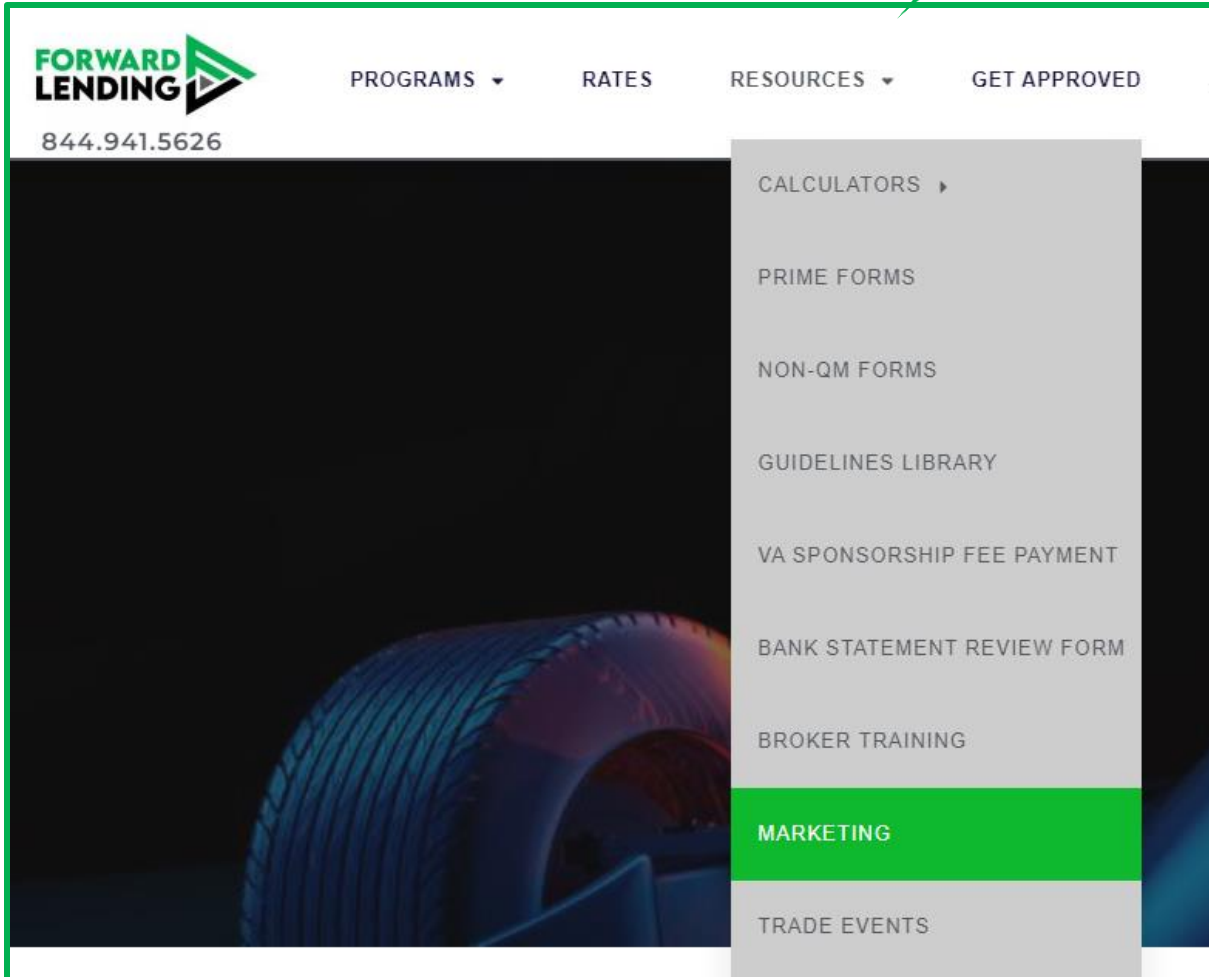
CLTV 80.000

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!



FORWARD LENDING
844.941.5626

PROGRAMS ▾ RATES RESOURCES ▾ GET APPROVED

- CALCULATORS ▸
- PRIME FORMS
- NON-QM FORMS
- GUIDELINES LIBRARY
- VA SPONSORSHIP FEE PAYMENT
- BANK STATEMENT REVIEW FORM
- BROKER TRAINING
- MARKETING**
- TRADE EVENTS



Program Highlights:

- 85% LTV for Purchase and Rate & Term
- 75% LTV for Cash-Out
- First-Time Investors Allowed
- Gift Funds Allowed
- Up to \$3.5mm Loan Amount
- I/O Payment Used to Qualify
- Minimal Reserve Requirements (Ask your AE for details)
- Vacant Properties Allowed Up to 70% on R/T or Cash Out
- < 1 Ratio Allowed up to 70% LTV
- 30 Year and 40 Year IO Options Available
- Enhanced Pricing on > 1.25 Ratio
- I/O Feature Available to 80%
- Short term rentals, Airbnb, VRBO, Purchase, Rate and Term Refi, Cash Out

RESOURCES ON OUR WEBSITE!



FORWARD LENDING

PROGRAMS ▾ RATES RESOURCES ▾ GET APPROVED ABOUT US ▾ CONTACT US ▾ NEWS CAREERS SUBMIT ▾

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Non-QM Lending Unique Programs That Set You Apart

[View Non-QM Matrix](#) [Get Approved](#)

[View DSCR Matrix](#)

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FORWARD
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WE KEEP YOU MOVING FORWARD

844.941.5626



THANK YOU

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WE KEEP YOU MOVING FORWARD



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