

Non-QM Prime & Non-QM Elite

Lender NMLS 21116 www.nmlsconsumeraccess.org Equity Prime Mortgage, LLC (EPM) is a wholesale residential mortgage lender and an approved lending institution. The company is GNMA issuer, FHLMC, FNMA seller/servicer, FHA Mortgagee, USDA National Lender, and VA Automatic Lender. This information is for Broker use only and is provided to assist business professionals.. This is not an advertisement extend to the consumer, as defined by Section 226.2 of Regulation Z – Equal Housing Lender. Equal Opportunity Employer.
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Please visit our website for program guidelines and requirements: <https://epmwholesale.com>

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Overview



Products Offered: PRIME and ELITE

Prime: Offers better pricing but has more restrictive guidelines.

Elite: Has less restrictive guidelines and has pricing commensurate with the allowances it offers.

Program Highlights



- Housing history is required on Subject, Primary and **ALL** financed properties that reflect on the credit report.
- Delinquent credit impacting the lien position, all past due accounts and collections open less than 2 years and > \$10,000 (individually or aggregate) must be paid.
- Must have a 4 year seasoning from any credit event.
- Business funds can be used if the borrower owns 100% of the business and they provide a CPA letter stating no negative impact.

NON-QM MATRICES: PRIME & ELITE

PRIME MATRIX

Purchase/Rate & Term Refinance				Cash-Out Refinance			
Occupancy	Maximum Loan Amount	Maximum LTV/CLTV	Minimum Credit Score	Occupancy	Maximum Loan Amount	Maximum LTV/CLTV	Minimum Credit Score
Owner Occupied	\$2,000,000	80%	660	Owner Occupied	\$1,500,000	70%	660
	\$3,000,000	85%	680		\$2,000,000	80%	680
					\$3,000,000	80%	720
Second Home	\$2,000,000	80%	660	Second Home	\$1,500,000	70%	660
	\$3,000,000	85%	680		\$2,000,000	80%	680
					\$3,000,000	80%	720
Investment	\$2,000,000	80%	680	Investment	\$2,000,000	75%	680
	\$2,000,000	70%	660		\$3,000,000	70%	740
	\$3,000,000	75%	720				
Interest Only	Reduce maximum LTV/CLTV 5%						
Non-Permanent Resident Aliens	No Overlays						
First-Time Homebuyer	No Overlays						
Maximum Cash-Out	-LTV/CLTV <=70%: No Limit -LTV/CLTV >70%: \$500,000						
Maximum DTI	50%						
Reserves	-Loan Amount <=\$2,000,000: 6 months -Loan Amount >\$2,000,000 - Owner Occupied and Second Home: 9 months -Loan Amount >\$2,000,000 - Investment: 12 months						
Owner Occupied: 2 Unit	Maximum LTV/CLTV 80%						
Non-Warrantable Condos	Not Allowed						
Rural Properties	No Overlays						

ELITE MATRIX

Purchase/*Rate & Term Refinance				Cash-Out Refinance			
Occupancy	Maximum Loan Amount	Maximum LTV/CLTV	Minimum Credit Score	Occupancy	Maximum Loan Amount	Maximum LTV/CLTV	Minimum Credit Score
Owner Occupied	\$2,000,000	90%	700	Owner Occupied	\$2,250,000	80%	660
	\$2,000,000	85%	680				
	\$2,000,000	80%	660				
	\$2,500,000	80%	660				
	\$3,000,000	75%	660				
Second Home	\$2,000,000	90%	700	Second Home	\$2,250,000	80%	660
	\$2,000,000	85%	680				
	\$2,000,000	80%	660				
	\$2,500,000	80%	660				
	\$3,000,000	75%	660				
Investment	\$2,000,000	90%	700	Investment	\$2,250,000	80%	660
	\$2,000,000	85%	680				
	\$2,000,000	80%	660				
	\$2,500,000	80%	660				
	\$3,000,000	75%	660				
*Rate & Term Refinance: Maximum LTV/CLTV 80%							
Interest Only	Reduce maximum LTV/CLTV 5%						
Non-Permanent Resident Aliens	-Purchase and Rate & Term Refinance: maximum LTV/CLTV 80% -Cash-Out Refinance: Not Allowed						
First-Time Homebuyer	-Interest Only: Not Allowed						
Maximum Cash-Out	-LTV/CLTV <65%: \$2,000,000 -LTV/CLTV >=65% and <=70%: \$1,500,000 -LTV/CLTV >70%: \$1,000,000						
Maximum DTI	-LTV/CLTV <=85%: 50% -LTV/CLTV >85% and <=90%: 45%						
Reserves	6 months						
Owner Occupied: 2 Unit Properties	No Overlays						
Non-Warrantable Condominiums	-Purchase: maximum LTV/CLTV 85% -Rate & Term Refinance: maximum LTV/CLTV 80%; -Cash-Out Refinance: maximum LTV/CLTV 75% -No Florida Condos allowed. They must meet all Agency requirements.						
Rural Properties	-Purchase and Rate & Term Refinance: maximum LTV/CLTV 80% -Cash-Out Refinance: maximum LTV/CLTV 70%						

Non-QM Prime & Elite

PROGRAM SPECIFICATIONS

PARAMETERS

ELIGIBLE TERMS

- 30 year fixed
- Interest Only

LTV

- PRIME PURCHASE or RATE/TERM
- Max 85% for Owner-Occupied/2nd Home - 680 min. FICO
- Max 80% for Investment – 680 min. FICO
- PRIME CASH-OUT
- Max 80% for Owner-Occupied/2nd Home – 680 min. FICO
- Max 75% for Investment – 680 min. FICO
- ELITE PURCHASE or RATE/TERM
- Max 90% for all occupancy types – 700 min. FICO
- ELITE CASH-OUT
- Max 80% for all occupancy types – 660 min. FICO
- **Interest Only** – Reduce maximum LTV by 5%

FICO

- 660 - Minimum credit score for all products except Prime Investment
- 680 - Minimum credit score for Prime Investment

Max loan amounts = \$3,000,000 except Elite Cash-Out - \$2,250,000

Manual Underwriting for all Non-QM products

PROPERTY TYPES

- **1-4 Units – Attached or Detached**
- **New & Established FNMA warrantable condos**
 - *All attached condos require Full Review*
 - *Must receive Condo Project approval*
- **PUDs**
- **Non-Warrantable Condos**
 - *Must meet certain criteria for approval*
- **Deed Restricted Properties**
 - *Senior Communities comply with applicable laws*
 - *Appraiser notates that the age-related deed restriction was considered in the valuation*
- **Rural Properties**
 - *Must meet certain criteria for approval*



Ineligible Property Types



- Manufactured or Mobile Homes
- Factory Built Homes
- Condotels
- Log homes
- Timeshare Units
- Unique Properties (Geo-Domes, etc.)
- Mixed Use Properties
- Working Farms
- Hobby Farms
- Commercially Zoned Properties
- Leasehold
- Lot Loans
- Properties located in Lava Zones
- Properties that do not conform to zoning ordinance
- Properties < 750 sq. feet, except Condos | Condos < 400 sq. feet
- Properties in Puerto Rico, Guam, American Samoa, Northern Mariana Islands and US Virgin Islands and Maryland
- Properties over 20 acres

Document Types Permitted



- **Full Doc:**
 - For the borrower that can verify their income through traditional measures. Such as, Tax Returns and W2's, or paystubs.
- **Bank Statement:**
 - For self-employed borrowers that uses alternate income verification.
- **1099:**
 - For self-employed borrowers with no tax returns required.

Product Calculations & Requirements



- FULL DOC:
 - Aligns closely and follows standard Fannie Mae income calculations.
 - Self-employed borrowers must have a min. 2 year history of self-employment
 - 2 years signed and dated individual and business tax returns required
 - YTD Profit & Loss and Balance Sheet required
- BANK STATEMENTS:
 - A Business Narrative is required for all bank statement products describing the type of business and number of employees.
 - Borrowers must be self-employed for at least 2 years in the same business. If less than 2 years, but not less than one and two years previous experience in the same line of work, are eligible with an additional six months of reserves.
 - Borrower's business ownership percentage must be at least 25%.
 - A max of 3 NSF's are allowed for 12 months statements and 6 for 24 months.

Product Calculations & Requirements



- PERSONAL BANK STATEMENTS:
 - Comingling of personal and business receipts is not permitted in personal bank accounts. Evidence of comingling will require the loan to be submitted under the Business Bank Statement option.
 - Two months of business bank statements must be provided to validate separate personal and business bank accounts and reflect transfers to the personal account.
 - Deposits deemed to derive from a source other than the business including but not limited to wage income, fixed income, rental income, tax refunds and transfers between personal accounts must be excluded from the total eligible deposits.
 - Qualifying Income: Total Eligible Deposits/12 or 24 months

Product Calculations & Requirements



- BUSINESS BANK STATEMENTS:
 - Transfers from other business accounts will require evidence the source of the transfer is business related.
 - Transfers from personal accounts must be excluded from the total eligible deposits, as well as any deposits that are not consistent with self-employed income (credit card refunds, IRS refunds, etc.).
 - **Qualifying Income**: Total Eligible Deposits*Ownership Percentage*Expense Factor/12 or 24 months
- Expense Factor Options for Business Bank Statements:
 - Fixed Expense Ratio: a 50% expense ratio regardless of the business type.
 - Third Party (CPA or Licensed Tax Preparer) Expense Statement
 - Minimum expense factor can be no less than 10%.

Product Calculations & Requirements



- 1099:
 - Borrowers must have minimum two year history of 1099 employment.
 - 1 or 2 year 1099s and most recent proof of YTD earnings via bank statements, payroll registers or paystub equivalents covering a minimum of 30 days.
 - If 1099s are issued to an entity, the borrower's ownership must be 100%.
 - A business narrative is required from the borrower to describe their 1099 employment including an expense factor that is related to their annual business.
 - The minimum expense factor allowed is 10%.
 - 1099 transcripts are required.
 - Qualifying Income: $1099 \text{ Income} * \text{Expense Factor} / 12 \text{ or } 24 \text{ months}$
- Supplemental income sources can be combined with all products.
 - e.g. Rental income, retirement income, wage income, etc.

Appraisals



- Appraisals transferred or assigned from another lender are acceptable unless ordered by the borrower.
- Appraisals must not be > 120 days. No Re-certs of value
- CDA is required for each loan that does not include 2 appraisals.
 - Variance > 10% is not allowed
 - If > 10%, a Field Review can be ordered
- 2 appraisals required for loan amounts > \$2,000,000

Reserves



- Non-QM Prime:
 - Loan Amount \leq \$2,000,000: 6 months
 - Loan Amount $>$ \$2,000,000 – Owner Occupied & 2nd Home: 9 months
 - Loan Amount $>$ \$2,000,000 – Investment: 12 months
- Non-QM Elite:
 - 6 months
- Calculated based on PITIA or ITIA of subject property.
- Cash-Out proceeds MAY BE used as reserves.

EPM Department Contacts



Wholesale Sales:

- Kenny Phillips – SVP of Lending - East
 - kphillips@epm.net / 401-593-3276
- Frank Nese – SVP of Lending - West
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Wholesale Operations:

- Ashley Payton – VP of Production
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Disclosures:

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Wholesale Underwriting:

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- Closing@epm.net

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- Servicing@epm.net

Appraisals:





- AppraisalDesk@epm.net



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THANK YOU

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