THE SMITH SOLUTION
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BORROWER FACT SHEET
Non-QM · Primary Home
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WHEN THE TAX RETURN IS THE PROBLEM

Non-QM for a primary home

The payment works. The 1040 does not. That is a product problem — not a people problem.

A Qualified Mortgage wants two years of tax returns and a DTI that fits the box. Plenty of strong buyers never get there. Non-QM primary programs underwrite another way — bank statements, assets, 1099s, or a CPA P&L. Rate is usually higher. The file can actually close.

01 Write-off file

Schedule C or K-1 looks thin after depreciation and add-backs. Cash flow is fine. QM DTI dies on the 1040.

02 Cash-heavy S-corp

Deposits hit every month. The return does not tell that story. 12 or 24 months of statements can.

03 No tax returns

Not rate-sensitive. Wants a quiet close. Bank-statement and asset programs so the 1040 never enters the file.

04 Pay it off in 5

Can buy the house three times over. Plans to retire the loan fast. Assets carry the qualifying story.

05 Crypto & assets

W-2 is average. Brokerage, crypto, or private holdings are not. Asset programs read the balance sheet.

06 1099 / new shop

Contractor or self-employed under two years. QM wants a longer paper trail than the business has.

07 Lower mid-score

Income and reserves are there. FICO is not agency-pretty yet. Some Non-QM overlays work a lower score.

08 Rental DTI stack

Buying the primary — financed rentals already fill the QM box. Income is fine. The stack is not.

DOCTORS · LAWYERS · PARTNERS · RESTAURANT OWNERS

High income. Complex entities. We do not autopsy the returns.

Practice groups, law partnerships, multi-entity restaurants, and S-corps stack K-1s, management fees, and add-backs until a QM underwriter is reading three years of personal and business returns. Non-QM does not do that autopsy. Most files use 12 or 24 months of business or personal bank deposits, apply a standard expense factor, and qualify from cash in the door — or from a CPA P&L. The 1040 can stay in the drawer. You still document who you are, the reserves, and the property. You do not reconstruct the whole tax picture.

HOW THE FILE CAN QUALIFY

Primary Non-QM is not DSCR. Different tools.

Bank statement
12 or 24 months of deposits. Expense factor applied. No tax returns required on many programs.

Asset qualifier
Reserves and investments qualify the payment. Built for cash-rich, income-light files.

1099 / P&L
CPA letter or 1099s in place of a full 1040 stack. Useful for new practices and contractors.

Alt-credit overlays
Some investors will look at a lower mid-score when reserves, LTV, and assets offset.



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