



NON-QM | MLBWHOLESALE
Making Lives Better



P&L LOAN OPTIONS: FLEX SELECT WITH NQM FUNDING

An Educational Guide for Loan Officers —
P&L Only & P&L + Bank Statements

Making Lives Better

www.MLBWholesale.com/non-qm

🏠 NMLS #1101220

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WHAT ARE P&L LOANS?

Non-QM Income Documentation

Qualifying Without Tax Returns

P&L loans allow self-employed borrowers to qualify using a Profit & Loss statement prepared by a licensed CPA, EA, or PTIN tax preparer — instead of traditional tax returns. This opens the door for borrowers whose tax returns show heavy deductions that understate their true income.

Why P&L Loans Exist

- ✔ Self-employed borrowers often report low taxable income due to business deductions
- ✔ Traditional (QM) loans require tax returns — penalizing high-earning business owners
- ✔ P&L docs reflect actual cash flow and business revenue
- ✔ Two options available: P&L Only or P&L + 2 Months Bank Statements



Self-Employed

Target borrower profile — business owners, consultants, freelancers



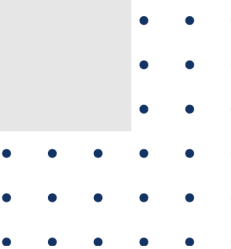
CPA/EA Prepared

Third-party verification replaces tax transcript requirement



Add-Backs Allowed

Depreciation, amortization & casualty losses can boost qualifying income





FLEX SELECT PRODUCT OVERVIEW — NQM FUNDING

What Is the MLB Core P&L?

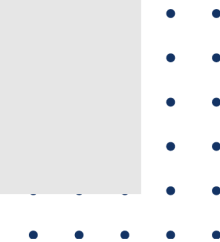
- › Designed to cover the widest range of income documentation types
- › Covers complex housing history and program-specific options
- › Minimum credit score: 660
- › Loan amounts: \$125,000 – \$3,500,000
- › Occupancy: Primary, Second Home, Investment Property
- › Loan purposes: Purchase, Rate & Term Refi, Cash-Out, Debt Consolidation

Income Documentation Types

- › Full Documentation (Wage Earners & Self-Employed)
- › Personal Bank Statements (12 or 24 months)
- › Business Bank Statements (12 or 24 months)
- › **P&L Plus 2 Months Bank Statements ← Focus Today**
- › **P&L Only ← Focus Today**
- › IRS Form 1099
- › Written Verification of Employment (WVOE)
- › Asset Utilization

Eligible Loan Products

- › 15 Year Fixed
- › 30 Year Fixed
- › 40 Year Fixed
- › 40 Year Fixed I/O (10-yr I/O period)
- › 5/6 SOFR ARM — Fully Amortizing
- › 5/6 SOFR ARM I/O
- › Max DTI: 50% (55% with restrictions)
- › Exceptions: Eligible (except P&L Only)





P&L ONLY — INCOME CALCULATION & DOCUMENTATION

How Qualifying Income Is Calculated

1 Start with Net Income

Use the monthly net income as shown on the P&L statement

2 Divide by Months Covered

Divide total net income by number of months covered in the P&L (12 or 24)

3 Apply Add-Backs

Add back depreciation, depletion, amortization, and casualty losses listed on the P&L

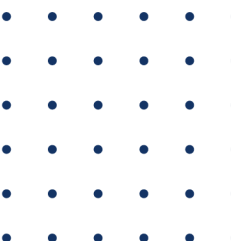
4 Expense Floor Rule

If expenses are less than 20% of gross revenue, net income is adjusted down to reflect a 20% expense level

 **Qualifying Income = (Net Income + Add-Backs) ÷ Months on P&L**

Required Documentation

- ✔ 12 or 24-month P&L prepared by a CPA, EA, or PTIN-licensed tax preparer
- ✔ CPA/EA/PTIN preparer must attest they also prepared the borrower's most recent tax returns
- ✔ P&L must reflect expenses of at least 20% of gross revenue
- ✔ Verbal verification of P&L required on all Wholesale transactions
- ✔ **No tax returns submitted with the file**
- ✔ Evidence that the business has been active for at least 2 years (within 30 days of Note date)
- ✔ **All borrowers must have a minimum 700 credit score**
- ✔ **Exceptions are ineligible for P&L Only**





P&L ONLY — ELIGIBILITY CRITERIA & KEY PARAMETERS

🛡️ Core Restrictions

Max Loan Amount

\$1,500,000

Min Credit Score

700 for ALL borrowers

Max LTV — Primary

Lesser of matrix or 80%

Max LTV — 2nd Home & Investment

Lesser of matrix or 75%

Exceptions

INELIGIBLE

Self-Employment History

Minimum 2 years in current business

📊 LTV Caps (P&L Only)

Primary Residence

Max 80% LTV

Second Home

Max 75% LTV

Investment Property

Max 75% LTV

Note: Use the lesser of P&L Only LTV cap or the standard matrix LTV for the borrower's credit score and loan amount

P&L Months

12 or 24 months

Expense Floor

20% minimum of gross revenue

🏠 Occupancy & Transactions

Occupancy

Primary, Second Home, Investment Property

Purchase

Eligible

Rate & Term Refinance

Eligible

Cash-Out Refinance

Eligible

Interest Only

Eligible (min 680 score, max 80% LTV)

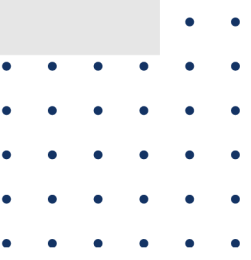
40-Year Term

Eligible

Wholesale Verbal VOE

Required

⚠️ Key Rule: P&L Only has no exceptions — any guideline variance makes the loan ineligible. Confirm all parameters before presenting to a borrower.





P&L + 2 MONTHS BANK STATEMENTS — DIFFERENCES & BENEFITS

Feature

Max Loan Amount

Min Credit Score

Max LTV — Primary

Max LTV — 2nd Home/Inv.

Bank Statements Required?

Exceptions Eligible?

Wholesale Verbal VOE?

Best For

P&L Only

\$1,500,000

700 all borrowers

80%

75%

No

No

Required

Simplest file, no bank stmts

P&L + 2 Mo. Bank Stmts

Up to \$3,500,000

660 minimum

80% (per matrix)

Per matrix (up to 80%)

Yes — 2 months minimum

Yes

Not specifically required

Higher loan amounts, lower scores



Higher Loan Amounts

Access up to \$3.5M — more than double the P&L Only cap of \$1.5M



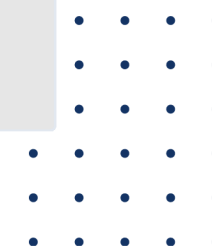
Broader Eligibility

Lower minimum credit score (660 vs 700) opens the product to more borrowers



Exceptions Allowed

Unlike P&L Only, this option allows exceptions with compensating factors





P&L + 2 MONTHS BANK STATEMENTS — REQUIREMENTS

Income Calculation Method

1 Use Net Income from P&L

Monthly net income = P&L net income ÷ number of months covered

2 Add Back Allowable Items

Depreciation, depletion, amortization, and casualty losses may be added back to net income

3 Apply the 20% Expense Floor

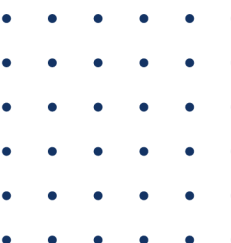
If P&L shows expenses less than 20% of gross revenue, net income is adjusted down to reflect a 20% minimum expense ratio

Qualifying Monthly Income = (Net Income + Add-Backs) ÷ Months Covered

⚠ Critical Rule: The monthly gross revenue shown on the P&L must be supported by the 2 months of bank statements. Revenue not reflected in the bank statements may be questioned.

Required Documentation

- ✓ 12 or 24-month P&L prepared by CPA, EA, or PTIN-licensed tax preparer
- ✓ CPA/EA/PTIN preparer must attest they also prepared the borrower's most recent tax returns
- ✓ **Minimum 2 months of business bank statements**
- ✓ Bank statements must reflect business activity and confirm P&L revenue
- ✓ P&L expenses must be at least 20% of gross revenue
- ✓ Depreciation/amortization/casualty losses may be added back
- ✓ **Max LTV: 80% (this option-specific cap)**
- ✓ Evidence of 2+ year business operating history (within 30 days of Note date)





KEY UNDERWRITING CRITERIA — LTV, CREDIT SCORES & LOAN AMOUNTS



660

Minimum Credit Score (Flex Select)

700 required for P&L Only (all borrowers)



\$3,500,000

Max Loan Amount (Flex Select)

\$1,500,000 cap for P&L Only



50%

Maximum DTI (standard)

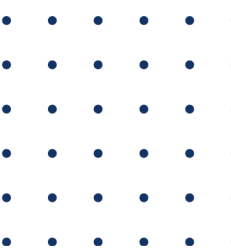
Exceptions to 55 possible on P&L w/Bank statements

Min Score	Max Loan	Purch/R&T LTV	Cash-Out LTV
760	\$2,000,000	85%	80%
760	\$3,500,000	75%	70%
720	\$2,000,000	85%	80%
680	\$1,500,000	80%	75%

Credit Score Rules

- › Representative score = middle of 3 scores, or lower of 2 scores
- › Primary income earner's score is used as representative score
- › When qualifying income is equal among borrowers, use highest representative score
- › Additional borrowers must have minimum 600 credit score
- › **P&L Only: all borrowers must have a minimum 700 score**
- › Interest Only: minimum 680 credit score, max 80% LTV

Primary Residence shown. Second Home and Investment Property LTVs vary — refer to full matrix.





KEY UNDERWRITING CRITERIA — PROPERTY, RESERVES & REQUIREMENTS

Eligible Property Types

SFR, PUD, Townhome

ADUs eligible if municipality permits

2-4 Units

Max LTV is lesser of matrix or 85%

Warrantable Condo

Purch/R&T: max 85% LTV; Cash-Out: 75%

Non-Warrantable Condo

Eligible — same LTV as warrantable

Condotel

Primary: up to 85%; 2nd/Inv: 700+, max 75%

Manufactured Housing

max 80% LTV Min 680 Fico

Rural Properties

Primary up to 80% LTV, max 20 acres

Reserve Requirements

≤ \$500K (LTV ≤ 80%)	3 mo. PITIA
≤ \$500K (LTV > 80%)	6 mo. PITIA
\$500K – \$1.5M	6 mo. PITIA
\$1.5M – \$2.5M	9 mo. PITIA
\$2.5M – \$3.5M	12 mo. PITIA

Cash-Out proceeds may be used toward reserves

Asset Utilization sole income: reserves not required

All reserves must be in a U.S. financial institution

Additional Requirements

Cash-Out Seasoning

Min 6 months from most recent transaction

Cash-Out Limit (LTV > 60%)

Max \$1,000,000

Interest Only

Min 680 score, max 80% LTV, max 50% DTI

Escrow Waivers

Permitted up to 80% LTV; non-HPML only

Declining Markets

5% LTV reduction off matrix when LTV > 65%

Second Appraisal

Required for loans over \$2,000,000

Prepayment Penalty

Required when permitted on Investment Properties

Min Loan Amount


\$125,000 (\$149,999 and under: 5% LTV reduction)






HOW TO SELL P&L LOANS — BENEFITS & VALUE PROPOSITION


Qualify on Real Cash Flow

 Borrowers whose tax returns show heavy deductions can now qualify on what the business actually earns — not what's left after write-offs.


No Tax Returns Required

 Stop losing self-employed clients who don't want to provide tax returns. P&L loans remove this barrier entirely.

Multiple Doc Options

 Choose P&L Only for simplicity, or P&L + Bank Statements to access larger loan amounts and more flexible eligibility.

Competitive Loan Amounts

 Up to \$3.5M with P&L + Bank Statements — ideal for high-income, high-asset business owners in premium markets.

Your Pitch to the Borrower

Use these key messages:

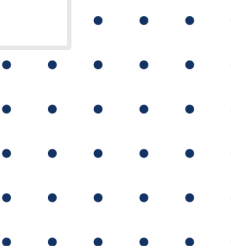
"Your CPA's P&L tells the real story — we use that to qualify you, not just your tax returns."

"You've been writing off business expenses for years — now those same deductions won't hurt your mortgage eligibility."

"We can qualify on 12 or 24 months of business performance — whatever presents your income best."

"Depreciation and amortization your accountant wrote off can actually help you qualify for more."

"Two options: a simple P&L-only path, or pair it with 2 bank statements for higher loan amounts."





IDEAL BORROWER PROFILES FOR P&L LOANS



Business Owner / Entrepreneur

- Owns a business with 2+ years operating history
- High revenue but significant deductions on tax returns
- Strong cash flow not reflected in taxable income
- CPA relationship already in place



Independent Contractor / Consultant

- 1099 earner or sole proprietor
- Income from multiple clients
- Tax returns show inconsistent annual income
- Current P&L shows strong recent performance



Restaurant / Retail Owner

- High gross revenue, complex expense structure
- Tax returns reflect heavy depreciation on equipment
- Strong operating P&L demonstrates real profitability
- Seeking primary residence or investment purchase



Real Estate Investor

- Owns multiple investment properties
- Uses depreciation aggressively — low reported income
- Wants to expand portfolio; needs flexible doc options
- Strong asset position



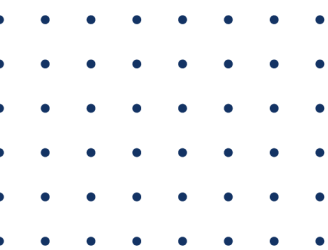
Medical / Legal Professional

- Practice owner — dentist, attorney, physician
- Significant business deductions reduce taxable income
- High earner whose tax returns don't tell the full story
- P&L reflects actual practice profitability



Tech / Creative Entrepreneur

- Digital agency, software company, or creative studio
- Often structured as LLC with pass-through income
- Irregular income pattern year-over-year
- Recent growth not yet reflected in prior tax returns





NON-REALTOR REFERRAL SOURCES FOR P&L BUSINESS

CPAs & Tax Professionals

They prepare the very P&L documents needed for qualification — knowing which clients have strong cash flow but low taxable income.

Action: Be their go-to NQM mortgage resource for self-employed clients.

Business Brokers

When a business is bought or sold, the buyer often needs financing. Sellers are frequently in-market for property.

Action: Partner with brokers representing buyers and sellers of small-to-mid-size businesses.

Financial Advisors & Wealth Managers

HNW clients with complex income trust their advisor — a warm introduction is highly valuable.

Action: Educate advisors on P&L options; be their mortgage specialist.

Business & Corporate Attorneys

They handle formations, contracts, and transactions. Clients are often newly self-employed or mid-transaction.

Action: Introduce yourself at bar association events and business law networking groups.

Franchise Consultants & Brokers

Franchise owners are self-employed from day one. Tax returns often look unfavorable early in ownership.

Action: Network with franchise development offices and small business incubators.

Chambers of Commerce & Business Associations


Concentrated networks of small business owners — your core P&L borrower audience.

Action: Join, sponsor events, and offer workshops on 'Mortgages for Business Owners.'

Healthcare Practice Consultants

Physicians, dentists, and therapists who own their practice have complex income structures.

Action: Build relationships with medical staffing firms and healthcare practice consultants.

 **Pro Tip: Offer to co-host a 'Tax Strategy & Mortgage Planning' lunch with a local CPA — you generate referrals, they add value to their clients.**



BUSINESS GENERATION STRATEGIES FOR P&L LOANS

Outreach & Partnerships

CPA Co-Marketing Partnership

Partner with 2-3 local CPAs. Provide a one-page guide: 'When a P&L Loan Makes Sense for Your Client.' CPAs share it at tax season.

Host Business Owner Workshops

Host a free seminar: 'Mortgage Options for Self-Employed Borrowers.' Target Chambers of Commerce, co-working spaces. Collect leads.

LinkedIn Content for Business Owners

Post weekly: 'Did you know your CPA's P&L can qualify you for a mortgage?' Tag local CPAs and business attorneys.

Annual Tax Season Campaign

Every January-April, reach out to CPA partners: 'Your clients just finished taxes. Now is the best time to assess mortgage options.'

Conversion & Follow-Up

P&L Pre-Qualification Fast-Track

Offer a '48-Hour P&L Pre-Qual' — deliver a preliminary qualification assessment within 2 business days. Speed creates urgency and loyalty.

Educate Your Realtor Network

Train Realtor partners to identify self-employed buyers who 'can't get approved.' Position yourself as the solution they didn't know existed.

Mine Your Existing Database

Review declined loans from the past 2 years. Reconnect with self-employed borrowers: 'There's now a program designed specifically for you.'

Targeted Digital Advertising

Run Facebook/Google ads: 'Own a business? Tired of tax returns hurting your mortgage? There's a better way.' Drive to a landing page.





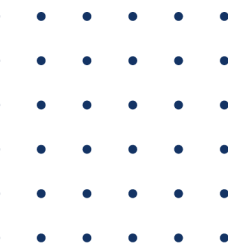
SUMMARY & NEXT STEPS

What We Covered Today

- 1 P&L loans let self-employed borrowers qualify using a CPA-prepared P&L — no tax returns required
- 2 Two options: P&L Only (simpler, max \$1.5M) and P&L + 2 Bank Statements (up to \$3.5M)
- 3 P&L Only: all borrowers need 700+ score; no exceptions; verbal VOE required wholesale
- 4 P&L + Bank Statements: 660+ score; max 80% LTV; bank statements must support P&L revenue
- 5 Qualifying income = net income (with add-backs) ÷ months on P&L; 20% expense floor applies
- 6 Ideal borrowers: business owners, contractors, investors, medical/legal professionals
- 7 Best referral partners: CPAs, business brokers, financial advisors, attorneys, chambers of commerce

Your Next Steps This Week

- ✓ Save www.mlbwholesale.com/non-qm for access to matrices and guidelines
- ✓ Identify 3 self-employed prospects in your pipeline who may benefit from P&L qualification
- ✓ Contact 2 local CPAs to introduce yourself and the P&L loan concept
- ✓ Run a P&L pre-qualification scenario with MLB Wholesale to get comfortable with the process
- ✓ Draft a simple email or social post targeting self-employed borrowers in your network





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READY TO WIN MORE DEALS?



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