



## Loan Submission Checklist Sequoia Bank Statement

Borrower Name \_\_\_\_\_ Loan Number \_\_\_\_\_

### Required for initial credit file

- Credit Report
- Valid ID for all borrowers
  - State issued Driver's License or ID card, passport, military ID, or resident alien registration.
- Document 12-month Housing History. If not reporting on the credit report, then provide one of the following:
  - 12-months Cancelled checks
  - Mortgage / Rental Statements including rental history, etc.
  - VOM/VOR by a private party must be supported by cancelled checks
  - Use DU findings to offset housing history
- Preliminary Title Report/Title Commitment
  - Refinance: Required at submission
  - Purchase: Ok to follow
  - Not required at submission in FL, NJ, and PA
- Signed purchase contract with all addendums and counteroffer(s)
- [Purchase Contact Form](#)
- [Business Narrative Form](#)

### REO:

- Hazard Insurance Dec Page (provide for all REO)
- Property Tax Bill (provide for all REO)
- Mortgage Statement (provide for all REO)
- HOA statement (if applicable)
- If using rental income for qualifying provide:
  - Copy of the lease(s) for the rental property and
  - 12 months bank statements verifying receipt of rents
  - Property profiles to determine borrower ownership
  - Entity formation docs for properties held in a Business Entity

### ASSETS

- 2-months Personal Bank Statements for Down Payment, Closing Costs and Reserves.
  - Any large deposits over 50% of borrower's monthly income must be sourced on purchases.
- 3-months Business Bank Statements for cash flow analysis if using business funds for Down Payment, Closing or Reserves
- Cash-Out proceeds may be used to meet the Reserves requirement.

### INCOME

#### W2

- Requires most recent 30 day pay stub including YTD earnings + 2-years W2's

#### Personal Bank Statements:

- Most recent 12 or 24-months Personal Bank Statements
- Most recent 2-months of Business Bank Statements reflecting activity and transfers to the personal account
- Verify Borrower's ownership percentage at 20% or greater via Tax Preparer letter or Operating Agreement.

**Business or Co-Mingled:**

- Most recent 12 or 24-month of Business Bank Statements
- Business Statements: Tax professional letter or operating agreement that reflects the borrower's ownership percentage is 25% or more (If less than 100% ownership, provide letter of approval / 100% access letter to use the funds from the other owners.)
- Personal / Business Co-Mingled Statements: Verify 100% ownership via Tax Preparer letter or Operating Agreement.

**Expense Ratio Option 1, 2, and 3**

**Option 1- Fixed Expense Ratio 50% (Default)**

**Option 2- Business Expense Statement letter:**

- CPA, accountant, or tax preparer signed and dated statement indicating percentage of expenses covering the same 12- or 24-month Bank Statements period. Minimum Expense ratio is 10%.
- Verification CPA, Accountant, or Tax preparer business and current license

**Option 3 - Third Party Prepared P & L Statement:**

- CPA, accountant, or tax preparer prepared P & L signed and dated. Average monthly gross revenue P & L average monthly net deposits on bank statements must be within 10%
- Proof of State license for CPA, Accountant, or Tax preparer

**Option 4 – Deposits Minus Withdrawals**

- 12 or 24-month Business Bank Statements
- Percentage of business ownership.

**CPA Gross Receipts:** Gross Receipts / Income from the borrower's most recent tax year based on data from a CPA Letter.

- CPA / Tax Preparer Letter addressing the following:
  - Borrower's ownership percentage (50% minimum)
  - Total gross receipts for the most recent tax year filed
  - Confirm CPA prepared & filed borrower's taxes
- Business Bank Statements to support YTD gross receipts:
  - Lesser or 2-months or YTD if CPA letter based off most recent tax year
  - 6-months if CPA letter based on tax year that exceeds 12-months from the application date

**CPA P&L:** CPA provided 12-month P&L divided by 12. Divide the result by the borrower's ownership percentage in the business = monthly income.

- P&L signed and dated by CPA
  - Verify borrower's ownership percentage (50% minimum)
  - Must reflect most recent 12 months
  - Confirm CPA prepared & filed borrower's taxes
- 2 months recent Business Bank Statements to support P&L gross income

**Departing Residence:**

- Current lease
- Provide receipt of deposit or 1<sup>st</sup> month's rent

**Delayed Financing:**

- Document the source of funds used for the purchase with bank statements, personal loan documents, HELOC on another property, gift, etc.
- Provide Final closing documentation

**Asset Depletion:** Qualifying assets / 84 = Monthly income

- 3 months personal account statements or a VOD with at least 120 days seasoning
- Minimum required assets must meet one of the following 3 options:
- \$1,000,000 or
  - 150% of the loan amount or
  - \$400,000 provided borrower has 60 months of total liabilities.

**Trust Income:**

- Copy of the trust agreement or trustee statement confirming amount, frequency and duration of payments AND confirming a minimum of 3 years continuance of payments after note date.
- Distributions received monthly or quarterly provide evidence of receipt.
- Distributions on any other schedule, provide most recent 1040.

**IRA or Other Self-Directed Retirement Distributions:**

- Method 1 = Average of historical distributions on 1099 or 1040's. Provide:
  - Account Statement(s) reflecting available balance for withdrawals.
  - Two prior years 1099-R or 1040
  - Income will be averaged based upon withdrawals over the past 24-months
- Method 2 = Evidence of current monthly automatic distribution
  - Account Statement(s) reflecting available balance for withdrawals
  - Evidence of automatic withdrawal (the document at least 3 years remaining)
  - Current distribution amount will be used for income

**THE FOLLOWING BROKER UPFRONT DISCLOSURES ARE REQUIRED:**

- [State Specific Disclosures](#)