



Castle Mortgage Corporation

User Guide
Non-QM: Bank Statement Analysis Form
EFFECTIVE 06-21-21

CONFIDENTIAL

4000 MacArthur Blvd, Suite 800

Newport Beach, CA 92660

(844)432-3685

NMLS #61382

Section 1 – General Loan Information

General Loan Information	
Date:	
Loan Number:	
Borrower Name:	
Underwriter Name:	
Bank Name:	
Bank Account #:	

- 1) All fields must be complete (Date, Loan Number, Borrower Name, Underwriter Name, Bank Name, & Bank Account Number)
- 2) One analysis should be completed for one account. For example, a business with income deposited into two individual accounts requires two income forms to be completed.

Section 2 – Documentation Type / Business Ownership Requirements

Documentation Type		
Expense Ratio (No P&L Needed)		
Business Ownership Requirements		
Minimum Ownership %	25.00%	
Business Ownership %		
Income Validation Test		
Non-Sufficient Funds	Pass	
Ownership Percentage	Pass	
20% Tolerance	Pass	
Declining Income	Pass	
Eligible Income	Eligible	

- 1) **“Documentation Type”**
 - One of the following income doc types must be selected:
 - 24-Month Business Bank Statements
 - 12-Month Business Bank Statements
 - 24-Month Personal Bank Statements
 - 12-Month Personal Bank Statements
 - 24-Month Co-Mingled Bank Statements
 - 12-Month Co-Mingled Bank Statements
 - 24-Month Profit and Loss (2 month BKST)
 - 12-Month Profit and Loss (2 month BKST)
- 2) **“Business Ownership Requirements”**
 - Minimum Ownership % – This field will automatically populate the minimum ownership required to qualify once the **“Documentation Type”** is selected.
 - Business Ownership % – Enter the borrower’s percent of ownership in this field.
 - Income Validation Test – The **“Ownership Percentage”** field will show Pass or Fail based on the % entered.

When the Business Ownership is less than 50% (minority shareholders)

- Ownership of 25% to 49.99% - An alert message will populate to **“Condition for access to business funds.”** If this occurs, then the following should be provided: All non-borrowing owners must provide a letter acknowledging the loan transaction & confirm the Borrower(s) access to the qualifying income account.

Business Ownership Requirements		
Minimum Ownership %	25.00%	MINORITY SHARE HOLDER
Business Ownership %	49.99%	*Condition for access to business funds

Section 3 – Business Information / Expense Ratio / Income Information

Bank Name:		
Bank Account #:		
Business Information (Business Narrative Income Option)		Expense Ratio (No P&L Needed)
Number of Employees		
Business Type		
Expense Ratio		
Income Information		Business Ownership Requirements
Initial 1003 Income		Minimum Ownership %
Gross P&L Income		Business Ownership %
Net P&L Income		
Total Bank Statement Income	Missing Information	Income Validation Test
Monthly Bank Statement Income	Missing Information	Non-Sufficient Funds
Expense Ratio	Missing Information	Ownership Percentage
Qualifying Income	Missing Information	20% Tolerance
Income Tolerance	Missing Information	Declining Income
		Eligible Income

Income Validation Test	
Non-Sufficient Funds	Pass
Ownership Percentage	Pass
20% Tolerance	Pass
Declining Income	Pass
Eligible Income	Eligible

- 1) **Business Information (Business Narrative Income Option)**
 - If income is qualified under the “Fixed Expense Ratio” option, only a Business Narrative is required. Enter the “Number of Employees” and “Business Type” as stated on the narrative. A Profit-and-Loss is not required.
 - “Gross P&L Income” & “Net P&L Income” fields must be left blank as it does not apply for this program. “Expense Ratio” field must be left blank as it does not apply for this program.
- 2) **Expense Ratio (No P&L Needed):**
If income is qualified under the “Expense Statement Letter” option, enter the expense ratio (10% minimum) as stated on the Tax Preparer’s letter. A Profit-and-Loss is not required.
 - “Gross P&L Income” & “Net P&L Income” fields must be left blank as it does not apply for this program.
 - “Number of Employees” & “Business Type” fields must be left blank as it does not apply for this program.
- 3) **Initial 1003 Income**
 - Input the “stated income” on the Initial Broker or Lender disclosed 1003 application.
- 4) **Gross P&L Income**
 - Input the “Gross” income deposits from the Profit-and-Loss. ***Note: This field should only be completed when qualifying under the 2, 12, or 24 months Co-Mingled and Business Bank statement program.
- 5) **Net P&L Income**
 - Input the “Net” income deposits from the Profit-and-Loss. ***Note: This field should only be completed when qualifying under the 2, 12, or 24 months Co-Mingled and Business Bank statement program.
- 6) **Total Bank Statement Income**
 - This field is locked and will auto-populate the total combined net bank statement deposits used to qualify. If the analysis is completed incorrectly, the field may show “Missing Information” and reflect a Fail under the “Income Validation Test”.
- 7) **Expense Ratio**
 - This field is locked and will auto-populate the expense ratio ONLY when qualifying using a “P&L, Expense Statement Letter, or the Business Narrative Only” options. The ratio is determined by what is provided on the Expense Statement Letter/Business Narrative or the difference of the Gross/Net earnings from the Profit-and-Loss. If the analysis is completed incorrectly, the field may show “Missing Information” and reflect a Fail under the “Income Validation Test”.
- 8) **Qualifying Income**
 - This field is locked and will auto-populate the final qualifying monthly income.
- 9) **Income Tolerance**
 - This field is locked will auto-populate the income tolerance ONLY when a Profit-and-Loss is used. The “Total Bank Statement Income” must be within 20% (above or below) of the “Gross P&L Income” field.
- 10) **Income Validation Test**
 - The “20% Tolerance” field will result in a Pass or Fail based on the tolerance calculated.
 - The “Eligible Income” field will result in an Eligible or Ineligible once the income analysis worksheet has been completed correctly.

Section 4 – Qualifying Income (Declining Income Only)

Income Information	
Initial 1003 Income	\$15,000
Gross P&L Income	\$200,000
Net P&L Income	\$140,000
Total Bank Statement Income	\$180,000
Monthly Bank Statement Income	\$7,500
Expense Ratio	30.00%
Qualifying Income	\$5,833 *See declining income section below
Income Tolerance	-10.00%

Income Validation Test

Non-Sufficient Funds	Pass	Print Analysis
Ownership Percentage	Pass	
20% Tolerance	Pass	
Declining Income	Alert *Use most recent 12 month	
Eligible Income	Eligible	

Qualifying Income (Declining Income Only)	
Monthly Bank Statement Income	\$5,000
Qualifying Declining Income	\$5,000

- Income Validation**
 - The “Declining Income” field will result in an ALERT (not Fail) and a message will auto-populate that says: “Use the most 12 months income”.
 - If an Underwriter determines that the income IS NOT declining, they may bypass the ALERT message by explaining their decision/findings in the “Comments” section of the Bank Statement Analysis Form.
- Qualifying Income**
 - When declining income is indicated, a message will auto-populate in the “Qualifying Income” field that says: “See declining income section below”.
- Qualifying Income (Declining Income Only)**
 - The “Monthly Bank Statement Income” field is locked and will auto-populate the final qualifying monthly income based on the most recent 12 months bank statement deposits from the analysis.
 - The “Qualifying Declining Income” field is locked and will auto-populate the total combined net bank statement deposits for the most recent 12 months bank statement deposits from the analysis.
 - Declining income is determined when each month’s net deposits represent a decline of 20% or more and is only permitted w/ 24 months Business Bank Statements (not 2 and 12 months bank statements).
 - “Profit-and Loss” option: The Gross and Net earnings must represent the most recent 12 months bank statements used to qualify.
 - “Expense Statement Letter or Business Narrative Only” options: Standard income calculation is used.
 - If income is not declining, the field will reflect as Income Test Passes

Qualifying Income (Declining Income Only)	
Monthly Bank Statement Income	Income Test Passes
Qualifying Declining Income	Income Test Passes

Section 5 – Bank Statement Order & Inputting Dates

Bank Statement Order		
Bank Statement Information		
Month	Date	NSF
1 (Most Recent)		
2		
3		
4		

Bank Statement Order		
Bank Statement Information		
Month	Date	NSF
24 (Oldest)		
23		
22		
21		

- Bank Statement Order**
 - From the drop-down menu, “Ascending” must be selected if the Income Bank Statements are dated from Most Recent -to- Oldest.
 - From the drop-down menu, “Descending” must be selected if the Income Bank Statements are dated from Oldest -to- Most Recent. Bank statements must be submitted in chronological order.
- Bank statements must be consecutive and submitted in chronological order (Ascending or Descending).
- Under the “Date” column, enter the bank statement date for the first month only. Once entered, the form will auto-populate all 12 or 24 months in the chronological order as required.
 - The Bank Statement Analysis Form will not perform correctly if the “Date” column is not entered in one of the formats: MM/DD/YY, MM/DD/YYYY, MM-DD-YY, MM-DD-YYYY
 - Inputting a date with symbols such as periods (.) or commas (,) will result in an error or unknown value.

Section 6 – Bank Statement Information

Bank Statement Information				
Month	Date	NSF	Total Deposits	Ineligible Deposits
1 (Most Recent)	6/1/2021	1		
2	5/1/2021	0		
3	4/1/2021	0		
4	3/1/2021	2		
5	2/1/2021			
6	1/1/2021			
7	12/1/2020			

Eligible Deposits	
	\$0
	\$0
	\$0
	\$0
	\$0
	\$0

Income Validation Test	
Non-Sufficient Funds	Fail
Ownership Percentage	Pass
20% Tolerance	Pass
Declining Income	Pass
Eligible Income	Ineligible

- NSF column**
 - Input the number of applicable NSF occurrences for each monthly bank statement. ****Note: For NSF's exceeding one occurrence, please refer to the internal Eligibility Guidelines for additional guidance.*
- Total Deposits column**
 - Input the total "Gross" qualifying deposits for each monthly bank statement.
- Ineligible Deposits column**
 - Input all deposits that should be "Excluded" from the income and are unrelated to the business. Such deposits include, but are not limited to: Personal transfers, large deposits, or irregular deposits that cannot be sourced.
- Eligible Deposits column**
 - This column is locked and will auto-populate the "Net" eligible deposits for each monthly bank statement.
- Income Validation Test**
 - The "Non-Sufficient Funds" field will show a Pass or Fail based on total NSF occurrences. ****Note: Refer to the internal Eligibility Guidelines for additional guidance.*

Section 7 – Ineligible Deposits Key

Ineligible Deposits Key (Optional)	
Large deposit: Explanation needed	
Transfers	
Rent income	

- Large Deposits:** Large/Irregular deposits that need to be explained/sourced/excluded, may be entered into this field.
- Transfers:** Transfers that needs to be explained/sourced/excluded, may be entered into this field.
- Rent Income:** Rental income deposits that needs to be explained/sourced/excluded, may be entered into this field.

Section 8 – Options for Document Printing:

Business Ownership Requirements

Minimum Ownership %	25.00%
Business Ownership %	100.00%

Income Validation Test

Non-Sufficient Funds	Pass
Ownership Percentage	Pass
20% Tolerance	Pass
Declining Income	Pass
Eligible Income	Eligible



- 1) **Uploading to LQB as PDF:** Click the “Print Analysis” button and then select “Print” button. The available format should automatically reflect the “Adobe PDF” option and then save to your desktop. Uploaded to Lending QB upon completion.
- 2) **Uploading to LQB as Excel:** The analysis is currently formatted as a “Macros-Enabled Workbook” and must be converted to “Excel Workbook” in order to upload properly to LQB. Click the “File” menu option (at the top of the form) and then select “Save A Copy”. The form should be saved to your desktop using the format: **Excel Workbook (*.xlsx)**. Uploaded to Lending QB upon completion.

