LEGIONS CAPITAL, INC.

Income Calculation Quick Reference

NON-QM PROGRAM GUIDE · LOAN OFFICERS & ACCOUNT EXECUTIVES

How to calculate **qualifying monthly income** for each Legions Capital program. Pick the borrower's documentation type, gather the listed items, then apply the formula. Bank-statement programs should be run through the branded **Bank Statement Analysis Calculator**.

PROGRAM	REQUIRED INCOME DOCUMENTATION	HOW TO CALCULATE QUALIFYING INCOME
INCOME-QUALIFIED PROGRAMS — borrower qualifies by DTI		
Full Doc Wage Earner (W-2)	1–2 yrs W-2s + most recent paystubs (30 days YTD) + Verbal VOE.	**Salaried:** bi-weekly = gross/check × 26 ÷ 12 · semi-monthly = gross/check × 24 ÷ 12 · monthly = monthly gross. **Variable** (OT / bonus / commission): use the 24-mo average.
Full Doc Self-Employed	2 yrs personal + business tax returns + YTD P&L.	(2-yr net business income **+ add-backs**) ÷ 24. Add back depreciation, depletion, amortization & non-recurring losses. Declining → weight current year.
Bank Statement Personal · 12 or 24 mo	12/24 consecutive mo personal statements (all pages) + 2 mo business statements.	**Business-related deposits only** — W-2 / payroll & other non-business income cannot be used. **Net business deposits ÷ # months** (less transfers & non-recurring items). **No expense factor.** *Personal tab of the Bank Statement Analysis Calculator.*
Bank Statement Business / Commingled · 12 or 24 mo	12/24 consecutive mo business statements (all pages).	**Net deposits less the expense factor, ÷ # months × ownership %.** Default expense factor = **50%**; a CPA / 3rd-party P&L or CPA/EA expense letter can set it lower — **no minimum**. *Business / Commingled tab.*
1099	1099s for most recent 1–2 yrs + evidence of continuance.	Total 1099 income **less a 10% expense factor**, ÷ # months. **1-yr → ÷ 12**, **2-yr → ÷ 24**.
P&L Only	12-mo or 1Y+2Y P&L, CPA / EA / CTEC-prepared, signed & dated. **No bank statements.**	**P&L net income ÷ number of months on the P&L (minimum 12)** — e.g. a 24-mo P&L ÷ 24. No business bank statements required on P&L-only programs.
P&L + Bank Statements P&L w/ 2 mo business statements	Same CPA / EA / CTEC-prepared P&L **+ 2 months business bank statements**.	**P&L net income ÷ number of months on the P&L (minimum 12).** The 2 months of business statements must **reasonably support** the revenue reported; unsupported P&L income is reduced to what deposits substantiate.
WVOE	Written VOE (Form 1005) completed by employer + verbal VOE.	Employer-stated gross annual wage ÷ 12 (24-mo average if variable).
Asset Utilization / Depletion	2–3 mo statements for eligible liquid assets (post-haircut).	(Eligible liquid assets after haircut) **÷ 60 months**. Apply asset-class haircuts — e.g. 100% cash, discounted securities / retirement.
PROPERTY CASH-FLOW PROGRAM — no personal income used		
DSCR Investment only · no personal income	None. Qualifies on subject-property cash flow. Executed lease and/or Form 1007 / 1025.	**DSCR = Gross rent ÷ PITIA.** Gross rent = lesser of lease or market rent where required. **Short-term rental:** (Gross STR income × 0.80) ÷ PITIA. Compare to program minimum DSCR.

ACCEPTABLE DEPOSITS — Bank Statement Programs

COUNTS AS INCOME

- ✓ Recurring **business / self-employment revenue**
- ✓ Client & customer payments — check, ACH, wire
- ✓ Card-processor settlements (Stripe, Square, PayPal)
- ✓ Deposits consistent with the stated business & industry

NOT COUNTED (backed out of net deposits)

- × **Transfers** between the borrower's own accounts
- × **Payroll / W-2 & other non-business income** (personal program uses business deposits only)
- × Loan proceeds, credit-line draws, cash advances
- × Gifts, inheritances, tax refunds, rebates, reversed items
- × Unsourced cash not tied to the business

Large / non-recurring deposits: any single deposit greater than ~50% of the monthly average must be documented with a letter of explanation proving it is business income — otherwise it is excluded. (Confirm the exact threshold & cash-deposit treatment against your matrix.)

SELF-EMPLOYED ADD-BACKS **Add back to net income:** depreciation · depletion · amortization · casualty / one-time losses · business-use-of-home · mileage depreciation. **Subtract:** meals & entertainment · non-recurring income. *(Full Doc – Self-Employed; per Form 1084 & your guidelines.)*

UNIVERSAL RULES — ALL PROGRAMS

- Statements must be **consecutive, all pages**, most recent period ending within 60–90 days of application.
- Multiply business income by the borrower's **ownership %**.
- **Declining income:** use the lower / most-recent period and document the reason.
- Combine all borrowers' qualifying income for DTI; debts = credit report + subject PITIA.

KEY REMINDERS

- **Seconds (Closed-End Second & HELOC):** income calculated with any first-lien method above; qualify on combined CLTV & DTI.
- **ITIN & Foreign National:** use the program's stated method (typically bank statement or DSCR).
- This sheet explains **method, not eligibility.** Always verify FICO, LTV / CLTV, reserves & income caps against the current matrix.
- When two figures apply, underwriting uses the **more conservative** result.