

Simple Access® – Asset Qualifier

Program Description – Substantial Liquid Assets as an Alternate Qualification Method

Luxury Mortgage Corp. offers loans to Applicants utilizing accumulated liquid assets as a basis for qualification rather than through traditional income documentation. Loans in this program must meet ATR as defined in section 1026.43. This program is designed for Applicants who are sound credit risks based on a common sense approach to underwriting.

Highlights include the following:

- Loan amounts up to \$3MM
- Interest only available with 30 or 40 year term
- No income documentation necessary
- Credit scores down to 620
- Non-Warrantable Condos may be considered
- All occupancy types allowed
- 5/6, 7/6 and 10/6 ARM, 15, 30, and 40 FRM (40 year term IO only)
- Multiple financed properties allowed

Eligibility Types

Applicants	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN • First time home buyer • Non-Occupant Co-Applicants-see <u>Underwriting Guidelines</u>
Ineligible Applicants	<ul style="list-style-type: none"> • Irrevocable Trust • Diplomatic immunity • Applicants with any ownership in a business that is Federally illegal, regardless of if the income is not being used for qualifying may be considered on exception basis
Eligible Occupancy	Primary, Second Home, and Investment Properties
Property Types	<ul style="list-style-type: none"> • 1-4 unit attached and detached properties • Warrantable Condos • Condotels on Approved Flag List at max LTV of 75% for Purchase/Rate and Term and max 70% for Cash out-pricing adjustment and certain restrictions and requirements apply-see <u>Underwriting Guidelines</u> • Rural properties at max LTV of 80% and 20 acres • PUDs
Ineligible Property Types	<ul style="list-style-type: none"> • Mixed use properties • Properties with more than 20 acres • <u>See Underwriting Guidelines</u> for full list of unacceptable property types
Eligible Transactions	<p>Purchase, including non-arm's length transactions-<u>see Underwriting Guidelines</u></p> <p>Rate and Term Refinance</p> <ul style="list-style-type: none"> • No title seasoning required • Payoff of first and second, where the second is seasoned >6 months and not drawn > \$5,000 in 12 months preceding application date unless the second was used in full to purchase the property • Buyout accompanied by an executed buyout agreement • Technical refinances/delayed financing allowed-<u>see Underwriting Guidelines</u> • If loan being paid off was closed in the 12 months preceding the application date and was a cash out transaction, the loan will be treated as cash out unless it is the only refinance within the last 12 months and the borrower has at least 6 months ownership interest in the property.

	<p>Cash-Out Refinance</p> <ul style="list-style-type: none"> • Refinances which do not fit into the rate and term guidelines are deemed to be cash out • A refinance of a loan which was a cash out in the preceding 12 months will be considered a cash out refinance unless it is the only refinance with the preceding 12 month period and the borrower has at least 6 months ownership interest in the property. • Six months title seasoning required for cash out refinances. • No limit on max cash out up to 65 LTV, max \$1MM cash out over 65 LTV • Value to be utilized must be supported-see Underwriting Guidelines
Credit Requirements	
Trade Lines	<p>Each Applicant must have three trade lines and a credit history covering 24 months. One trade line must have been active within the last 6 months. At least one trade line must be seasoned 24 months. The same trade line may be used to cover both the 24 month history and active requirement. The trade lines do not need to be open. If an Applicant's spouse is the only Co-Applicant listed, only one Applicant is required to meet this guideline. See <u>Underwriting Guidelines</u> for more details and alternatives.</p>
Credit Score	<ul style="list-style-type: none"> • Credit scores allowed down to 620 (all applicants), subject to loan amount and LTV restrictions • Use the lowest middle score for pricing and guideline purposes. In the case of multiple Applicants where one Applicant solely provides at least 75% of the funds being utilized to meet the transaction's total requirements, utilize their middle score.
Housing Payment History	<p>Housing payment history no greater than 1x30x12 for all mortgages/rental verifications. Note that 1 30 day late may be subject to a price adjustment and will limit the maximum CLTV to 80.</p> <p>First Time Home Buyer (FTHB) A First Time Home Buyer is defined as an individual who has not had individual ownership interest in a residential property within the last five years. First Time Home Buyers are eligible for financing under the Simple Access programs under the standard criteria with minimum 6 months PITIA reserves for primary residence and second home only. No rent or mortgage history is required, however if one is provided it must meet the requirements of the Housing Payment History section of this guide.</p>
Significant Credit Events	<p>Applicants with any of the following major credit events (bankruptcy, foreclosure, modification, short sale, short pay, deed in lieu, and 120 day or greater mortgage late) are subject to the below requirements, measured from event completion or discharge/dismissal date to note date:</p> <p>Credit Event other than a Foreclosure</p> <ul style="list-style-type: none"> • 0-2 years removed: Not eligible • 2-4 years removed: Max 80 LTV, max \$1.5MM loan size • >4 years removed: Standard Guidelines <p>Foreclosure:</p> <ul style="list-style-type: none"> • 0-3 years removed: Not allowed • 3-4 years removed: Max 70 LTV, max \$1.5MM loan size • >4 years removed: Standard Guidelines <p>Additional Requirements</p> <ul style="list-style-type: none"> • Active NOD or Lis Pendens not allowed. An historic NOD or Lis Pendens is not against guidelines, however the underlying event will be evaluated against the Significant Credit Event and Housing Payment History requirements guidelines. • Judgment/Tax Lien: Must meet one of the following: <ul style="list-style-type: none"> ○ Paid off prior to or at closing, or ○ Show 6 month satisfactory payment history, include payment in debt service (to the extent required by guidelines), subordinate if recorded • Collections/Charge-Offs: May be excluded if individually less than \$2,500 or in aggregate less than \$10,000. Any that are greater which may affect title must be paid off prior to or at closing.
Income and Assets	
DTI	<p>No DTI is developed for this product. Qualification is based on assets only. Each file must meet a residual income test. Residual income is calculated based on qualifying assets divided over 48 months</p>

	less monthly obligations. The residual income of the file must meet requirements of minimum \$1,300/month-see Underwriting Guidelines
Documentation Requirements	<p>The following are required:</p> <ul style="list-style-type: none"> • Six months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. Balances must be verified within 120 days of the note date • Two months of statements for accounts which are being used solely for funds to close.
Calculation Method	<p>Qualification is determined solely based on the Applicant's liquid assets and assets that they can liquidate without restriction.</p> <p>Method 1 Mortgage Only Total post-closing assets must meet 125% of the outstanding mortgage debt for which the Applicant has personal liability, including the proposed mortgage(s) on the subject property.</p> <p>Method 2 Simplified Total post-closing assets must meet 110% of the proposed mortgage(s) on the subject property plus 25% of all other outstanding debt (mortgage and consumer).</p> <p>Method 3 Traditional Total post-closing assets must meet the sum of the below:</p> <ul style="list-style-type: none"> • 100% of loan amount • 36 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income) • 36 months of net rental losses on rental properties (do not include subject property's PITIA) <p>Rental Calculation (Method 3 Only) Rental properties are counted on a net basis based on 75% of lease less PITIA to determine impact on debt service. Net rent can never exceed \$0 for determining impact. For example, a property with a lease of \$1,600 and PITIA of \$1,500 would have a \$300 per month added to debt service ($\\$1,600 * 75\% - \\$1,500 = \\$300$).</p> <p>Asset Calculations (All Methods) Assets are determined based on the below calculation:</p> <ul style="list-style-type: none"> • Cash and cash equivalents: 100% of face value • Marketable securities (excludes unvested RSUs and Stock options): 100% • Retirement funds: 100%. If utilizing retirement account, document Applicant's ability to access the funds without restriction. • Cash surrender value of life insurance/annuity: 100% • Cryptocurrency (Bitcoin only): 100% if liquidated • To meet asset requirements up to 10% of the assets utilized may come from cash out proceeds (Methods 2 and 3 only) • Technical Refinance proceeds can be used as eligible assets and maximum cash out limits do not apply. • Gift funds can be used for funds to close but not as qualifying balances for post-closing asset requirements-see Underwriting Guidelines for details <p>The balance of any loans secured against financial assets being used for asset qualification will be netted against the asset's value before application of the discount.</p>
Asset Accounts	<ul style="list-style-type: none"> • See above requirements for utilizing cash, marketable securities, and retirement funds as funds to close, post-closing reserves, and asset qualification If Applicant is liquidating funds, document liquidation and end balance • 1031 exchanges eligible for investment properties. See Underwriting Guidelines for more detail. • Business funds may be used for funds to close provided the Applicant(s) own(s) a minimum of 50% combined ownership of the business. The amount funds that may be utilized is based on the Applicant's percentage of ownership. Applicant(s) must provide either: <ul style="list-style-type: none"> ○ A letter from Applicant's CPA, EA, or licensed tax preparer stating that the Applicant(s) may access the business funds and that the withdrawal will have no adverse impact; or ○ A letter from the Applicant(s) stating that they may access the business funds and Cash Flow

	<p>Analysis to document that the withdrawal will have no adverse impact-<u>see Underwriting Guidelines</u></p> <ul style="list-style-type: none"> Eligible cryptocurrency (Bitcoin only) may be used but requires liquidation of proceeds for reserves or funds to close. <u>See Underwriting Guidelines</u> for allowable types of cryptocurrency and requirements
Gifted Funds	Gift deposits are not eligible for the assets used to qualify. They may be utilized for funds to close a purchase only.
Liabilities	
Alimony/Child Support	Alimony and child support are included part of the Applicant's debt service.
Installment Debt	Installment loans must be included in the DTI. Installment debt with less than 10 months' worth of payments remaining may be excluded from DTI, as long as the Applicant has the assets to make the remaining payments. Applicants may pay down the debt such that the remaining balance is less than the sum of 10 months' worth of payments. The assets used must be sourced. Loans secured by financial assets (margin loan, 401(K) loan, etc.) do not need to be included in the debt service provided the asset balance exceeds the loan balance.
Other Highlights	
Appraisal / Valuation	<p><u>Purchases and Refinances:</u></p> <ul style="list-style-type: none"> Loan amount up to \$2MM, one appraisal required Loan amount over \$2MM, two appraisals required <p>All appraisals are subject to underwriting review and acceptance. Loan amounts >\$1.5MM and up to \$2MM may not utilize a CU score in lieu of a CDA. CDA is required if LTV>80 regardless of CU score. Additional appraisal due diligence may be required at the discretion of underwriting.</p> <ul style="list-style-type: none"> Purchase: lesser of purchase price or appraised value Refinance (all types): For Rate and Term transactions utilize the appraised value regardless of seasoning. For Technical Refinance/Delayed Financing use lesser of purchase price plus documented improvements or appraised value. However, on properties owned more than 6 months and less than 12 months prior to the mortgage loan application date, use the lesser of the purchase price at time of acquisition or the current appraised value unless the appraiser can justify the increase in value over the period of ownership. If utilizing the current value, the underwriter should comment on the 1008.
Geographic Eligibility	<p>The following states are eligible: AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IL (no IO loans), LA, MA, MD, ME, MI, MN, NC, NH, NJ, NM, NY (no NY subprime), OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI, WY.</p> <p>Restrictions:</p> <ul style="list-style-type: none"> Texas CO Refinances-see Underwriting Guidelines Properties which are identified by the appraiser to be in a declining market will be subject to a 5% reduction in max LTV for loan amounts up to \$2.5MM and a 10% LTV reduction from maximum for loan amounts above \$2.5MM.
Reserves Required	No reserves needed apart from the post-closing liquidity outlined in <u>Calculation Method</u> above.
Title Vesting	<ul style="list-style-type: none"> Individual names as joint tenants, community property, or tenants in common Living trusts meeting FNMA's requirements Blind Trusts-see <u>Underwriting Guidelines</u> for requirements Limited Liability Corporations-see <u>Underwriting Guidelines</u> for requirements Partnerships/Corporations-see <u>Underwriting Guidelines</u>

ARM Terms	<ul style="list-style-type: none"> • Margin = 5.000% • Index = 30 Day Average of SOFR • Caps <ul style="list-style-type: none"> ○ 5/6 ARM: 2/1/5 ○ 7/6 and 10/6 ARM: 5/1/5 • Floor Rate = Note Rate • Adjustment Period = 6 Months
Interest Only	Interest Only features are allowed on ARMs and FRMs. The IO period is 10 years. Maximum LTV of 80 and min FICO of 680 for a loan with an IO features. 40 year term is not eligible on 5/6 ARM
Qualifying Payment	<p>To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified):</p> <ul style="list-style-type: none"> • Fixed Rate: Utilize the start rate over the amortizing term • Amortizing ARM: Utilize the greater of the start rate or the index plus margin, amortized over full term of the loan • FRM/ARM with IO Feature: Utilize the greater of the start rate or the index plus margin, with a payment calculated based on the amortizing term of the loan after the end of the IO period.
Prepayment Penalty	Prepayment penalties may be placed on investment properties where allowed by state and federal law. Prepayment penalty terms are available for terms of 1 to 5 years, with pricing implications applying based on length of prepayment penalty selected. The prepayment penalty will equal six months' interest on the amount(s) prepaid in any 12 month period which exceed 20% of the loan's original principal balance, to the extent permitted by state and federal law. See Underwriting Guidelines for requirements.
Mortgage Insurance	Not required
Min/Max Loan Amounts	<p>Minimum: \$150,000</p> <p>Maximum: \$3MM (Purchase/Rate and Term Refinance and Cash Out Refinance)</p>

LTV AND LOAN AMOUNTS REQUIREMENTS

PURCHASE/RATE & TERM REFINANCE

Primary Residence					Second Home					Investment Property				
FICO	LTV*	CLTV*	Loan Amount	DTI**	FICO	LTV*	CLTV*	Loan Amount	DTI**	FICO	LTV*	CLTV*	Loan Amount	DTI**
720	80%	80%	\$ 3,000,000	50	720	75%	75%	\$ 3,000,000	50	720	75%	75%	\$ 3,000,000	50
	85%	85%	\$ 2,500,000	50		80%	80%	\$ 2,500,000	50		80%	80%	\$ 2,500,000	50
	90%	90%	\$ 1,000,000	50		85%	85%	\$ 1,500,000	50		85%	85%	\$ 1,500,000	50
700	75%	75%	\$ 3,000,000	50	700	70%	70%	\$ 3,000,000	50	700	70%	70%	\$ 3,000,000	50
	85%	85%	\$ 2,000,000	50		80%	80%	\$ 2,500,000	50		80%	80%	\$ 2,500,000	50
	90%	90%	\$ 1,000,000	50		85%	85%	\$ 1,500,000	50		85%	85%	\$ 1,500,000	50
680	75%	75%	\$ 3,000,000	50	680	70%	70%	\$ 3,000,000	50	680	70%	70%	\$ 3,000,000	50
	80%	80%	\$ 2,000,000	50		75%	75%	\$ 2,500,000	50		75%	75%	\$ 2,500,000	50
	85%	85%	\$ 1,500,000	50		80%	80%	\$ 2,000,000	50		80%	80%	\$ 2,000,000	50
660	70%	70%	\$ 2,500,000	50	660	70%	70%	\$ 2,000,000	50	660	70%	70%	\$ 2,000,000	50
	75%	75%	\$ 2,000,000	50		80%	80%	\$ 1,500,000	50		80%	80%	\$ 1,500,000	50
	85%	85%	\$ 1,500,000	50		640	75%	75%	\$ 1,500,000		50	640	75%	75%
640	70%	70%	\$ 2,000,000	50	620	70%	70%	\$ 1,500,000	50	620	70%	70%	\$ 1,500,000	50
	75%	75%	\$ 1,500,000	50										
620	70%	70%	\$ 1,500,000	50										
	75%	75%	\$ 1,000,000	50										

*Max 85 LTV on 2-4 Unit Properties Purchase and R/T

*Max 80 LTV on Non-Warrantable Condos and Max 75 LTV on Condotel

CASH-OUT REFINANCE

Primary Residence					Second Home					Investment Property				
FICO	LTV*	CLTV*	Loan Amount	DTI**	FICO	LTV*	CLTV*	Loan Amount	DTI**	FICO	LTV*	CLTV*	Loan Amount	DTI**
720	75%	75%	\$ 3,000,000	50	720	65%	65%	\$ 3,000,000	50	720	65%	65%	\$ 3,000,000	50
	80%	80%	\$ 2,500,000	50		75%	75%	\$ 2,500,000	50		75%	75%	\$ 2,500,000	50
700	65%	65%	\$ 3,000,000	50	700	80%	80%	\$ 1,500,000	50	700	65%	65%	\$ 3,000,000	50
	70%	70%	\$ 2,500,000	50		65%	65%	\$ 3,000,000	50		70%	70%	\$ 2,500,000	50
	80%	80%	\$ 2,000,000	50		70%	70%	\$ 2,500,000	50		65%	65%	\$ 3,000,000	50
680	65%	65%	\$ 3,000,000	50	680	80%	80%	\$ 1,500,000	50	680	70%	70%	\$ 2,000,000	50
	70%	70%	\$ 2,500,000	50		65%	65%	\$ 3,000,000	50		65%	65%	\$ 2,000,000	50
	80%	80%	\$ 2,000,000	50		70%	70%	\$ 2,000,000	50		75%	75%	\$ 1,500,000	50
660	65%	65%	\$ 2,500,000	50	660	80%	80%	\$ 1,500,000	50	620	65%	65%	\$ 1,500,000	50
	75%	75%	\$ 1,500,000	50		65%	65%	\$ 2,000,000	50		75%	75%	\$ 1,500,000	50
620	65%	65%	\$ 1,500,000	50	660	75%	75%	\$ 1,500,000	50					
					620	65%	65%	\$ 1,500,000	50					

*Max 75 LTV on 2-4 Unit Properties Cash Out

*Max 75 LTV on Non-Warrantable Condo Cash Out and 70 LTV on Condotel Cash Out

Max CO Proceeds: No limit up to 65 LTV and up to \$1M for LTV above 65