

Simple Access® – Full Documentation

Program Description – Mortgage Solutions for Agency and Jumbo Fallout

Luxury Mortgage Corp. offers full documentation loans to Applicants under expanded underwriting guidelines. Loans in this program consider all factors as required in the Ability to Repay Rule as defined in section 1026.43. This program is designed for Applicants who are not eligible for agency and prime credit jumbo loans and is 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
- DTI up to 55 allowed
- 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-Primary and Second Home Only, Non-Occupant Co-Applicants-<u>see 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 • Non-Warrantable Condos and Condotel on Approved Flag List or in nationally recognized high end hotel brands allowed with a pricing adjustment-<u>see Underwriting Guidelines</u> for permissible NW features (max 80 LTV for Non-Warrantable Purchase/Rate and Term, max 75% LTV for Cash out Refinance, 75% LTV for Condotel Purchase/Rate and Term, max 70% Cash out) • PUDs • Rural properties with not more than 20 acres at max LTV/CLTV of 75%
Ineligible Property Types	<ul style="list-style-type: none"> • Mixed use properties • Coop 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 the 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 a 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 a Rate and Term if it was the only refinance within the preceding 12 month period.

	Cash-Out Refinance <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 if there was more than one refinance in the preceding 12 month period. Six months title seasoning required for cash out refinances. No limit on max cash out up to 70 LTV, max \$1MM cash out above 70 LTV Value to be utilized must be supported-see <u>Underwriting Guidelines</u>
Credit Requirements	
Trade Lines	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. 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.
Credit Score	<ul style="list-style-type: none"> Credit scores allowed down to 620, subject to loan amount and LTV restrictions Use middle score of the primary income earner for pricing and guideline purposes Use lower of Occupying or Non-Occupying Co-Applicant middle score for guideline purposes
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 homes 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"> 0-2 years removed: Not allowed 2-4 years removed: Max 70 LTV, max \$1.5MM loan size, minimum 10% borrower own funds and max DTI 43% >4 years removed: Standard Guidelines <p>Additional Guidelines:</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 DTI, subordinate if recorded Collections/Charge-Offs: May be excluded if individually less than \$5,000 or in aggregate less than \$15,000. Any that are greater or which may affect title must be paid off prior to or at closing.
Income and Assets	
DTI	<ul style="list-style-type: none"> Maximum DTI: 50.00 DTI may be increased to 55.000 with the following: <ul style="list-style-type: none"> Min FICO: 680 Max LTV: 70 Eligible Transactions: Purchase or Rate and Term Refinance Minimum Monthly Residual Income: \$3,500 before adding dependents

	<ul style="list-style-type: none"> ○ Minimum 12 months PITIA reserves ○ 1 year tax return not eligible ○ Primary Residence Only
Residual Income	The minimum residual income for each loan is \$2,500. For DTIs >50, the minimum residual income is increased to \$3,500. Do not include income taxes in the calculation.
Documentation Requirements (Salaried Applicant)	<p>Minimum Documentation Requirements:</p> <p>The following documentation must be present in the loan to make a determination of a salaried Applicant's income:</p> <p>Method One-Standard Verification</p> <ul style="list-style-type: none"> • 30 consecutive days of paystubs, the most recent one dated within 120 calendar days of the note date, including year to date income, supporting income used to qualify • Last two years' W-2s • Written VOE (as necessary to determine any variable income sources) <p>Method Two-Simplified Verification</p> <p>This method can be utilized for borrowers who have been at the current employer for a minimum of one year with a total of two years of employment/income verified</p> <ul style="list-style-type: none"> • One paystub • Written Verification of Employment (WVOE), breaking out income and verifying employment. The WVOE must be either completed through one of the below third party services OR be completed by the H.R. department of a publicly traded company. If utilizing this method, W-2s and W-2 transcripts are not required. <p>TheWorkNumber Verify Today Thomas & Co. uConfirm CCC EmployCheck Truework</p> <p>The paystub and written verification should indicate year to date income consistent with the Applicant's monthly income. If not, explanation and/or additional due diligence may be required</p> <p>Method Three WVOE Only</p> <ul style="list-style-type: none"> • Written Verification of Employment (FNMA Form 1005 or equivalent) completed by Applicant's employer, listing out the last two years' income + year to date income • W-2 transcripts for the most recent two year period available (to be ordered by Seller) <p>The Applicant should be qualified based on current salary plus an average of historically received variable employment related income sources i.e. bonus, overtime, etc. See Treatment of Income Sources for additional details and requirements to use variable income sources. The total income figure listed on the W-2 transcripts should correlate to income being utilized to qualify. If there is a significant deviation, then the Seller should obtain explanations and/or additional documentation as necessary to support income being utilized to qualify. A deviation >20% shall be deemed significant. In the event the Applicant changed jobs during the review period, obtain additional WVOEs as necessary.</p> <p>Qualification:</p> <ul style="list-style-type: none"> • If Applicant receives bonus, commission, or overtime, obtain a written VOE to determine a history and continuance. A two year history is required. • LMC reserves right to request tax returns in its sole discretion. • Restricted stock units: Restricted stock units may be used as qualifying income. Applicant must have a two year history of receipt and a three year continuance on vesting and the stock must be publicly traded.

	<ul style="list-style-type: none"> • Stock options: Stock options may be used as qualifying income. Applicant must have a two year history of receipt and exercise. • See Underwriting Guidelines for additional income sources and qualification details
Documentation Requirements (Self-Employed Applicant)	<p>Applicants must be self-employed for 2 years. If an Applicant has less than 2 years' self-employment, a lesser history with a general minimum of one year may be acceptable provided the Applicant has a minimum 2 year previous history in the same line of work as the self-employed business. Provide the most recent one or two years' personal and/or business federal tax returns as applicable. If providing 1 year's tax return, a price adjustment may apply. Take 24 month average of income if increasing, 12 month average if decreasing. If decreasing, additional documentation may be required. A year end and/or year to date profit and loss statement and balance sheet dated within 120 calendar days of funding may be required. <u>See Underwriting Guidelines</u> for additional information.</p>
Other Income Sources	<p>Rental Income:</p> <p>Method 1 Tax Returns</p> <p>Utilize the net figure on schedule E page 1 of most recent year's tax return adding back depreciation, amortization, and interest. Subtract the principal and interest component of the mortgage payment. Current insurance, taxes, and homeowner's association dues do not need to be documented.</p> <p>Method 2 Lease</p> <p>Use 75% of current lease less documented PITI plus HOA dues and/or common charges. If lease is materially greater than income listed on tax return(s), Applicant to provide supporting explanation/documentation. Document the unit in question is rented with most recent month's rent check. Rental income from a vacant property may only be used on a subject property purchase transaction.</p> <p>Asset Depletion</p> <p>Applicants may supplement income disclosed via traditional income sources by annuitizing their assets. They may set up a monthly distribution and document receipt of at least one monthly distribution prior to closing. The distribution must have at least 7 years of continuance based on the face value of the asset as of the distribution commencement. Verify current balance within 120 days of the note date. Retirement accounts are ineligible if Applicant is under 59.5-<u>see Underwriting Guidelines</u></p> <p>Passive Asset Utilization</p> <p>Applicants may supplement income disclosed via traditional sources by depleting assets available over a 10 year term with no rate of return imputed. All assets necessary to complete the transaction, including post-closing reserves, must be deducted in order to complete the calculation. Verify current balance within 120 days of the note date. To meet asset requirements up to 10% of assets utilized may come from cash out proceeds. Technical Refinance funds can be used for up to 10% of the eligible assets being utilized. Standard asset haircuts are utilized-<u>see Underwriting Guidelines</u>.</p> <p>Other Sources</p> <p>Document most recent 2 years receipt on tax returns and supporting tax documentation, current receipt, and expectation of at least three years' continuance</p>
Asset Accounts	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 100% of face value for marketable securities for reserve calculation. Proof of liquidation not required if asset balance is at least 120% of funds needed to close. • Use 100% of retirement assets for reserve calculation-must obtain terms and conditions verifying borrower ability to withdraw. • If Applicant is liquidating from retirement accounts, document the liquidation and end balance • 529 accounts at 60% of face value with copy of plan confirming savings plan and not pre-paid tuition. • 1031 exchanges eligible for investment properties-<u>see Underwriting Guidelines</u> • Business funds may be used provided the Applicant(s) own(s) a minimum of 25% combined ownership of the business with letter from all other owners stating borrower has full access to funds for stated purpose. The amount of 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

	<ul style="list-style-type: none"> ○ A letter from the Applicant(s) stating that they may access the business funds and underwriter's to document that the withdrawal will have no adverse impact-see <u>Underwriting Guidelines</u> • Cash out proceeds MAY be used to meet the reserve requirement regardless of LTV • Cryptocurrency (Bitcoin only): 100% if liquidated. 50% if not liquidated. See <u>Underwriting Guidelines</u> for allowable types of cryptocurrency and requirements.
Gifted Funds	<ul style="list-style-type: none"> • Gift funds are allowed for funds to close. • A 5% contribution from Applicant's own funds is required on primary residences, second homes and investment properties. • No Applicant minimum contribution is required for primary residences with LTVs <=80, except where otherwise specified. • The minimum contribution can be waived for all second homes with a 10% LTV reduction from the maximum LTV/CLTV for the Fico/Loan Amount combination but never greater than a 75% LTV/CLTV • See Significant Derogatory Credit Events for minimum contributions as applicable. • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-see <u>Underwriting Guidelines</u>. • Gifts of equity are allowed, max 80 LTV. No Applicant contribution is required on a primary residence. A second home requires a 5% Applicant contribution. Not allowed on investment properties
Liabilities	
Alimony/Child Support	Alimony may be deducted from income rather than included as a liability, provided the alimony payments are tax deductible to the payor. Otherwise, include as a liability. Child support must be included as a liability.
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 DTI 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 • Non-Arm's Length transactions - one appraisal + field review with no variance <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"> • <u>Purchase</u>: lesser of purchase price or appraised value • <u>Refinance (all types)</u>: For Rate and Term transactions utilize the appraised value regardless of seasoning. For Technical Refinance/Delayed Financing and Cash out Refinances where the property has been owned less than 6 months use lessor 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, IA, IL (no IO loans), IN, KS, KY, LA, MA, MD (DSCR Only), ME, MI, MN, NC, NE, NH, NJ, NM, NV, NY, OH, OR, PA, RI, SC, TN, TX UT, VA, VT, WA, WI, WY.</p> <p>Restrictions:</p>

	<ul style="list-style-type: none"> • TX CO Refinances-see Underwriting Guidelines • Properties which are identified by the appraiser to be in a declining market will be subject to a 5% LTV reduction from maximum LTV for loan amounts up to \$2.5MM and a 10% reduction from maximum LTV for loan amounts above \$2.5MM • For Investment Properties located in New Jersey, loan must be made to a Corporation (LLC, Partnerships and any other entity type ineligible) as a Borrowing Entity with a full recourse personal guarantee from all material owners. For Investment properties located in Pennsylvania the borrower must be an entity (LLC, Corporation, Trust, Partnership). A full recourse personal guarantee must be provided by all members/owners with greater than 25% membership and by a minimum of 51% of the members.
Reserve Requirement	<ul style="list-style-type: none"> • Loan amount up to \$1.5 MM: 3 months PITIA • Loan amount above \$1.5 MM and up to \$2MM: 6 months PITIA • Loan amount above \$2MM and up to \$3MM: 12 months PITIA • DTI >50: additional 6 months PITIA if increased residual income requirements not met • Other real estate owned: 1 month of each property's PITIA-<u>See Underwriting Guidelines</u> for an alternative • First Time Home Buyer: minimum 6 months PITIA
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-<u>see Underwriting Guidelines</u> • Limited Liability Corporations-<u>see Underwriting Guidelines</u> • Partnerships/Corporations-<u>see 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 ARM 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 feature. 40 year term loan 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 penalty will equal six months' advance interest on the amount(s) prepaid that exceed 20% of the original principal balance in any 12 month period, 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 with restrictions</p>

LTV AND LOAN AMOUNTS REQUIREMENTS															
PURCHASE/RATE & TERM REFINANCE					PURCHASE/RATE & TERM REFINANCE					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%	\$ 1,500,000	43		85%	85%	\$ 1,500,000	50		70%	70%	\$ 3,000,000	50	
700	75%	75%	\$ 3,000,000	50	700	70%	70%	\$ 3,000,000	50	700	80%	80%	\$ 2,500,000	50	
	85%	85%	\$ 2,000,000	50		80%	80%	\$ 2,500,000	50		70%	70%	\$ 3,000,000	50	
	90%	90%	\$ 1,000,000	50		85%	85%	\$ 1,500,000	50		680	75%	75%	\$ 2,500,000	50
680	75%	75%	\$ 3,000,000	50	680	70%	70%	\$ 3,000,000	50	680	80%	80%	\$ 2,000,000	50	
	80%	80%	\$ 2,000,000	50		75%	75%	\$ 2,500,000	50		70%	70%	\$ 2,000,000	50	
	85%	85%	\$ 1,500,000	50		80%	80%	\$ 2,000,000	50		660	80%	80%	\$ 1,500,000	50
660	70%	70%	\$ 2,500,000	50	660	70%	70%	\$ 2,000,000	50	660	75%	75%	\$ 1,500,000	50	
	75%	75%	\$ 2,000,000	50		80%	80%	\$ 1,500,000	50		640	75%	75%	\$ 1,500,000	50
	85%	85%	\$ 1,500,000	50		75%	75%	\$ 1,500,000	50		620	70%	70%	\$ 1,500,000	50
640	70%	70%	\$ 2,000,000	50	640	70%	70%	\$ 1,500,000	50	640					
	75%	75%	\$ 1,500,000	50											
620	70%	70%	\$ 1,500,000	50	620					620					
	75%	75%	\$ 1,000,000	50											

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

*Max 75 LTV on Condotel Purchase and R/T Refi

CASH-OUT REFINANCE					CASH-OUT REFINANCE					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
680	80%	80%	\$ 2,000,000	50	680	70%	70%	\$ 2,500,000	50	680	65%	65%	\$ 3,000,000	50
	65%	65%	\$ 3,000,000	50		80%	80%	\$ 1,500,000	50		70%	70%	\$ 2,000,000	50
	70%	70%	\$ 2,500,000	50		65%	65%	\$ 3,000,000	50		660	65%	65%	\$ 2,000,000
660	80%	80%	\$ 2,000,000	50	660	70%	70%	\$ 2,000,000	50	660	75%	75%	\$ 1,500,000	50
	65%	65%	\$ 2,500,000	50		80%	80%	\$ 1,500,000	50		620	65%	65%	\$ 1,500,000
620	75%	75%	\$ 1,500,000	50	620	65%	65%	\$ 2,000,000	50	620				
	65%	65%	\$ 1,500,000	50		75%	75%	\$ 1,500,000	50					
					620	65%	65%	\$ 1,500,000	50					

*Max 75 LTV on 2-4 Unit Property Cash-Out Refi

*Max 70 LTV on Condotel Cash Out

Max CO Proceeds: No limit up to 70 LTV and up to \$1M for LTV above 70