

Simple Access® – Graduate Program

Program Description – Mortgage Solutions for borrowers who recently completed post graduate degrees who are employed in specialized professions (see below)

Luxury Mortgage Corp. offers Graduate Program 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. Qualifying income will allow future income based on a fully executed contract. **Borrower must provide copy of graduate degree or a letter from the school, on school letterhead, containing the following: anticipated graduation date and type of graduate degree student is receiving. The graduate degree must be in one of the following areas: Medical, Legal, Engineering, Architecture or Accounting.**

Highlights include the following:

- Loan amounts up to \$1.5MM
- Interest only available with 30 or 40 year term
- DTI up to 50 allowed
- Credit scores down to 720
- Non-Warrantable Condos may be considered
- Primary Residence Only
- 5/6, 7/6, and 10/6 ARM, 15, 30, and 40 FRM (40 year term IO only)
- No PMI required
- Purchase and Rate and Term Refinances

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 that meet the 2 year residency, employment (or school) and credit in the US requirement. • First time home buyer • Non-Occupant Co-Applicants-<u>see Underwriting Guidelines</u>
Ineligible Applicants	<ul style="list-style-type: none"> • Irrevocable Trust • Diplomatic immunity • ITIN Borrowers • 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
Property Types	<ul style="list-style-type: none"> • 1-2 unit attached and detached properties • Warrantable Condos • Non-Warrantable Condos allowed with a pricing adjustment-<u>see Underwriting Guidelines</u> for permissible NW features (max 80 LTV) • PUDs
Ineligible Property Types	<ul style="list-style-type: none"> • Mixed use properties • Coop Properties • Rural Properties • Properties over 20 acres • <u>See Underwriting Guidelines</u> for full list of unacceptable property types • <u>Investment Property</u> • <u>Second Home</u> • <u>Manufactured Housing</u> • Co-Ops • Illinois Land Trusts

	<ul style="list-style-type: none"> • Irrevocable Trusts
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 • 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 cash out unless it was the only refinance within the last 12 months and the borrower has owned the property for at least 6 months.

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. 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.
Credit Score	<ul style="list-style-type: none"> • Credit scores allowed down to 720, subject to loan amount and LTV restrictions • Use middle score of the primary income earner for pricing and guideline purposes • Use lower of Occupying for Non-Occupying Co-Applicant middle score for guidelines 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 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 75 LTV • >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 • >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 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: 50.000
Residual Income	The minimum residual income for each loan is \$2,500. Do not include income taxes in the calculation.
Documentation Requirements	<p>Documentation Requirements</p> <p>Borrower must provide copy of graduate degree or a letter from the school, on school letterhead, containing the following: anticipated graduation date and type of graduate degree student is receiving. The graduate degree must be in one of the following areas: Medical, Legal, Engineering, Architecture or Accounting.</p> <p>Employment Contracts/Raises An employment contract is a legally enforceable written document executed jointly by the employer and employee. Employment agreements and offer letters are additional forms of acceptable employment documentation, provided they are fully executed by all parties and afford the same information as previously described. The contract (including employment agreements and offer letters) should define pertinent employment details including employment start date, the Applicant's length of employment and salary. The contract terms should be reasonable relative to the role. The Applicant must also meet employment stability standards as outlined above. Guaranteed performance raises and bonuses from an Applicant's current employer may also be considered under this section. Qualify an Applicant utilizing the income documented in the employment contract as defined provided:</p> <ul style="list-style-type: none"> • The employment contract is fully executed by the employer and employee and does not contain contingencies, and • The Applicant will start employment or begin receipt of the income (as applicable) within 60 days of closing <p>Traditional Wage Earner: Provide the last two years' W-2's and the most recent 30 consecutive days of paystubs including year to date income with the most recent one dated within 120 calendar days of funding and fully executed contract with all contingencies cleared. Borrowers employed by a family-owned business must provide evidence that he/she is not an owner of the business which may include:</p> <ul style="list-style-type: none"> • Copies of signed personal tax returns (or tax transcript), or • Signed copy of the corporate tax return showing ownership percentage <p>Self Employed Borrower: A borrower with a 25% or greater ownership in a business is considered self-employed. Self-employed borrower must provide the following documentation:</p> <ul style="list-style-type: none"> • Signed, dated individual tax returns, with all applicable tax scheduled for the most recent 2 years; • Borrowers self-employed by Corporations, "S" Corporation or Partnership must provide signed copies of Federal business income tax returns for the last 2 years, with all applicable tax schedules, and; • Year to date profit and loss statement and balance sheet from a third-party source (audited or accountant reviewed); • Self Employed Income: Verification of business existence must be obtained within 30 days of closing from a third-party source such as a CPA, regulatory agency or licensing bureau <p>Contractors or 1099 employees: A two year history of self-employment is not required if the following requirements are met:</p> <ul style="list-style-type: none"> • Graduate has an executed employment contract with a guaranteed salary or hourly rate with a stated number of hours to be worked clear of contingencies; and • Employment Start Date must be within 60 days of loan closing

<p>Qualification</p>	<p>Traditional Wage Earners and Contractors/1099 Employees will be qualified based on the fully executed contract with all contingencies cleared. If utilizing an employment contract for qualifying the borrower must verify sufficient income or cash reserves to support the mortgage payment and any other obligations between loan closing and the start of employment. Applicants must be self-employed for 2 years. Self-employed borrowers will be qualified based on a 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>
<p>Other Income Sources</p>	<p>Rental Income: Method 1 Tax Returns 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 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 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 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 Document most recent 2 years receipt on tax returns and supporting tax documentation, current receipt, and expectation of at least three years' continuance</p>
<p>Asset Accounts</p>	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 100% of face value for marketable securities • Use 100% of retirement assets-must obtain terms and conditions verifying borrower ability to withdraw. • If Applicant is liquidating funds from non-retirement sources, document liquidation and end balance • 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. • Business funds may be used provided the Applicant(s) own(s) a minimum of 25% combined ownership of the business. 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 • Eligible cryptocurrency 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	<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. No Applicant minimum contribution is required for primary residences with LTVs <=80, except where otherwise specified. • 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.
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. Student loans that are deferred at least 12 months from the Note date do not need to be considered in the DTI calculation. Student loans that are in repayment will be considered in the DTI based on the actual documented payment.
Other Highlights	
Appraisal / Valuation	<p><u>Purchases and Refinances:</u></p> <ul style="list-style-type: none"> • All loan amounts, one appraisal required <p>All appraisals are subject to underwriting review and acceptance. 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</u>: For Rate and Term transactions utilize the appraised value regardless of seasoning.
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"> • Properties which are identified by the appraiser to be in a declining market will be subject to a 5% LTV reduction from maximum LTV.
Reserve Requirement	<ul style="list-style-type: none"> • Loan amount up to \$1MM: 3 months PITIA • Loan amount above \$1MM and up to \$1.5MM: 6 months PITIA • 1 month PITIA for each payment due between the first payment due date and when employment begins. • Minimum 6 months PITIA for FTHB • Other real estate owned: 2 months of each property's 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 •
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

	<ul style="list-style-type: none"> • 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.
Pre-Payment Penalty	Not allowed
Mortgage Insurance	Not required
Min/Max Loan Amounts	<p>Minimum: \$150,000</p> <p>Maximum: \$1.5MM (Purchase/Rate and Term Refinance)</p>

LTV AND LOAN AMOUNTS REQUIREMENTS				
PURCHASE/RATE & TERM REFINANCE				
Primary Residence				
FICO	LTV	CLTV*	Loan Amount	DTI
720	90%	90%	\$ 1,500,000	50

*Max 80 CLTV on Non-Warrantable Condos

*Max 85 CLTV on 2 Unit Property