

Simple Access® – ITIN Full Documentation

Program Description – Mortgage Solutions for Agency and Jumbo Fallout

Luxury Mortgage Corp. offers full documentation Individual Tax Identification Number (ITIN) loans to Applicants who are not eligible for a Social Security number 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 \$1.5 MM
- Interest only available with 30
- DTI up to 50 allowed
- Credit scores down to 660
- Non-Warrantable Condos may be considered
- All occupancy types allowed
- 5/6, 7/6, and 10/6 ARM, 15, 30,
- Multiple financed properties allowed

Eligibility Types

Applicants	<ul style="list-style-type: none"> • Individual Taxpayer Identification Number (ITIN) borrowers • First time home buyer • Non-Occupant Co-Applicants-see <u>Underwriting Guidelines</u> • <u>Escrows Required</u>
Residency Status	<ul style="list-style-type: none"> • The following documentation is required for all ITIN borrowers: • Unexpired ITIN card or letter from IRS assigning the ITIN to the borrower a minimum of 2 years prior to application- please see <u>Underwriting Guidelines</u> for additional requirements. • Unexpired government photo ID (driver's license, passport, visa, etc.) • All documentation in file must support the borrower's ITIN number and cannot reference a SSN belonging to another individual • ITIN must be valid and at least 2 years consistent ITIN payments reporting to the IRS.
Ineligible Applicants	<ul style="list-style-type: none"> • Irrevocable Trust or Blind Trusts • Inter-Vivo Revocable Trust • Limited partnerships, general partnerships, corporations • Applicants with any ownership in a business that is Federally illegal, regardless of if the income is not being used for qualifying.
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 allowed with a pricing adjustment-see <u>Underwriting Guidelines</u> for permissible NW features (max 70 LTV) • PUDs • Rural properties with no 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 • See <u>Underwriting Guidelines</u> for full list of unacceptable property types
Eligible Transactions	<p>Purchase, including non-arm's length transactions-see <u>Underwriting Guidelines</u></p> <p>Rate and Term Refinance</p> <ul style="list-style-type: none"> • No title seasoning required

	<ul style="list-style-type: none"> • 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-see <u>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 cash out unless there was only one refinance in the preceding 12 months. <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 if there was more than one refinance. • Six months title seasoning required for cash out refinances. • No limit on max cash out up to 65 LTV, max \$1MM cash out above 65 LTV. Value to be utilized must be supported-see <u>Underwriting Guidelines</u>
Credit Requirements	
Trade Lines	Each Applicant must have two open and active trade lines reporting for 24 months or three open and active trade lines reporting for 12 months. One trade line must have been active within the last 6 months. Authorized User Accounts and/or collections and charge-offs are not considered valid trade lines. See <u>Underwriting Guidelines</u> for more details and alternatives based on Non-traditional credit.
Credit Score	<ul style="list-style-type: none"> • Credit scores allowed down to 660, subject to loan amount and LTV restrictions • Use middle score of the primary income earner for pricing and guideline purposes
Housing Payment History	<p>Housing payment history no greater than 0x30x12 for all mortgages/rental verifications.</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 including a Foreclosure: None allowed Additional Guidelines:</p> <ul style="list-style-type: none"> • Active NOD or Lis Pendens not allowed. • 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: 50.000
Residual Income	The minimum residual income for each loan is \$2,500. Do not impute income taxes in the calculation.
Documentation Requirements (Salaried Applicant)	<p>Documentation Requirements Provide written VOE, the last two years' W-2's. one year 1040s 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.</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. • Stock options: Stock options may be used as qualifying income. Applicant must have a two year history of receipt and exercise.
Documentation Requirements (Self-Employed Applicant)	Applicants must be self-employed for 2 years. Provide the most recent one or two years' personal and/or business federal tax returns as applicable. One year tax returns will have a pricing adjustment. 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.
Other Income Sources	<p>Rental Income: Utilize 75% of the current lease income less PITIA on a net basis except for Owner Occupied. Document receipt of rental income. Rental income may not be used to qualify on a vacant unit, except on the subject property on a purchase transaction. Departing Residence rental income cannot be used for qualifying.</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>
Asset Accounts	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 80% of face value for marketable securities • Use 60% of retirement assets-terms and conditions allowing for withdrawal must be obtained. • If Applicant is liquidating funds, document liquidation and end balance. • 1031 exchanges eligible for investment properties-<u>see Underwriting Guidelines</u> • Cash out proceeds MAY NOT be used to meet the reserve requirement for Owner Occupied and Second Home, cash out proceeds can be used to meet the reserve requirement for Investment properties.
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 and a 10% contribution is required on second homes. Gift funds not allowed on investment properties. • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-<u>see Underwriting Guidelines</u>. • Gifts of equity are allowed, max 75 LTV on primary residence only. No Applicant contribution is required. Not allowed on second home or 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 \$1.5MM, one appraisal required Additional appraisal due diligence may be required at the discretion of underwriting. • <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 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"> • 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 \$1.5MM
Reserve Requirement	<ul style="list-style-type: none"> • Loan amount up to \$1MM: 6 months PITIA • Loan amount above \$1MM and up to \$1.5MM: 9 months PITIA • Other real estate owned: 2 months of each property's PITIA-<u>See Underwriting Guidelines</u> for an alternative • First Time Home Buyer: minimum 6 months PITIA
Title Vesting	Individual names as joint tenants, community property, or tenants in common
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.
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	Minimum: \$150,000 Maximum: \$1.5 MM (Purchase/Rate and Term Refinance and Cash Out Refinance)

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**
700	75%	75%	\$ 1,500,000	50	700	70%	70%	\$ 1,500,000	50	700	65%	65%	\$ 1,500,000	50
	80%	80%	\$ 1,000,000	50		75%	75%	\$ 1,000,000	50		70%	70%	\$ 1,000,000	50
660	70%	70%	\$ 1,500,000	50	660	65%	65%	\$ 1,500,000	50	660	60%	60%	\$ 1,500,000	50
	75%	75%	\$ 1,000,000	50		70%	70%	\$ 1,000,000	50		65%	65%	\$ 1,000,000	50

*Max 70 LTV on Non-Warrantable Condo

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**
700	70%	70%	\$ 1,500,000	50	700	65%	65%	\$ 1,500,000	50	700	60%	60%	\$ 1,500,000	50
	75%	75%	\$ 1,000,000	50		70%	70%	\$ 1,000,000	50		65%	65%	\$ 1,000,000	50
660	65%	65%	\$ 1,500,000	50	660	60%	60%	\$ 1,500,000	50	660	55%	55%	\$ 1,500,000	50
	70%	70%	\$ 1,000,000	50		65%	65%	\$ 1,000,000	50		60%	60%	\$ 1,000,000	50

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