

Prime Access – Investor Cash Flow (DSCR)

Program Description – Qualify Based on the Subject Property Only

Luxury Mortgage Corp. offers loans to Prime Credit Applicants utilizing solely the rental income on subject investment properties to determine cash flow. Loans in this program are deemed as exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans. 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 \$2.0MM
- Interest only available with no reduction to LTV
- No DTI developed or employment verified
- Minimum DSCR 1.00 with 720 FICO, 1.20 below 720 FICO
- 5/6, 7/6 and 10/6 ARM and 30 FRM
- Multiple financed properties allowed
- Credit scores down to 680

Eligibility Types

Applicants	• US Citizen • Permanent Resident Alien
Ineligible Applicants	• Irrevocable Trust • Diplomatic Immunity • Applicants with any ownership in a business that is Federally illegal, regardless of whether the income or assets are being used for qualifying, are not eligible by guidelines. They may be considered on exception basis. • Non-Permanent Resident Aliens • Foreign Nationals • ITIN/EAD Borrowers • Mortgage Professionals • First Time Homebuyers
Eligible Occupancy	Investment Properties
Property Types	• 1-4 unit attached and detached properties • Warrantable Low-Rise Condos • PUDs
Ineligible Property Types	• Mixed Use Properties • Non-Warrantable Condos and Condohotels • High Rise Condos • Properties with more than 10 acres • Rural Properties • Condo units < 500 sqft GLA and SFR/PUD < 700 sqft GLA • <u>See Underwriting Guidelines</u> for full list of unacceptable property types
Eligible Transactions	Purchase, including non-arm's length transactions-<u>see Underwriting Guidelines</u> Rate and Term Refinance • No title seasoning required • Cash to borrower cannot exceed the lesser of 2% of the loan amount or \$5,000 • Payoff of, a closed end subordinate lien seasoned more than 6 months or paying off an equity line of credit (HELOC) that has not had draws > \$2,000 in the past 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 priced as Cash out-<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

	Cash-Out Refinance • 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- • Six months title seasoning required for cash out refinances. • Unlimited to 70% LTV/CLTV. > 70% Max \$500,000. Amounts used to payoff an unseasoned subordinate lien are considered cash out regardless of amount of cash in hand. • Value to be utilized must be supported-<u>see Underwriting Guidelines</u> Temporary buydowns are not allowed.
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. Authorized user accounts may not be utilized to satisfy this requirement. See <u>Underwriting Guidelines</u> for more details
Credit Score	• Credit scores allowed down to 680 subject to loan amount, DSCR and LTV restrictions. • Use lowest middle score of all Applicants for pricing and guideline purposes.
Housing Payment History	Housing payment history no greater than 0x30x24 for all mortgages/rental verifications. First Time Home Buyer (FTHB) Not allowed
Significant Credit Events	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 date or discharge/dismissal date to note date: Credit Event other than a Foreclosure: • 0-4 years removed: Not Eligible • >4 years removed: Standard Guidelines Foreclosure: • 0-4 years removed: Not Eligible • >4 years removed: Standard Guidelines Additional Guidelines: • Active NOD or Lis Pendens not allowed. A 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: ○ Paid off prior to or at closing, or ○ Must be on a repayment agreement ○ Show 6 month satisfactory payment history, include payment in the DSCR (if attached to the subject property), subordinate if recorded
Income and Assets	
DSCR	No DTI is developed for this product. Qualification is based solely on the Debt Service Coverage Ratio (DSCR) of the subject property only. Credit score of less than 720 requires minimum 1.20 DSCR. Credit score of 720 or more minimum 1.0 DSCR
Applicant Eligibility	All Applicants must either own their current primary residence or own an investment property. At least one Applicant must be able to demonstrate a 12 month history of ownership and management of rental properties or collecting rents from an owner occupied multi-unit. It does not need to be in the most recent 3 year period. Commercial properties are acceptable for this purpose, as long as the Applicant was a majority owner of the property.
Landlord Waiver	• Eligible if the following criteria are met: • Purchase: ○ 0x30x24 on all housing trade lines as of the application date

	○ No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date ○ Applicant must own their current residence • Refinance: ○ 0x30x24 on all housing trade lines as of the application date ○ No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date ○ Applicant must own their current residence ○ Subject Property must have been acquired in the last 12 months ○ At least 3 consecutive months receipt of rent from the property are provided prior to application date (on multi-unit properties only 1 unit is required to be verified) In instances where there are multiple Applicants and all Applicants do not meet the above requirements, the file is subject to additional due diligence to verify it will be a business purpose loan.
Calculation Method	The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property Determination of Rents Purchase: • Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, provide leases in place. • If vacant, 100% of market rents may be utilized. • See below for short term rental income requirements Refinance: • Use 100% of the lesser of current or market rents as determined by the appraiser. Applicant must provide leases in place. • If the property is leased for more than the appraiser's opinion of market rents, the lease amount up to 125% of market rent as reflected on the appraisal may be used provided the lease will continue for at least 6 months after the note date and the 2 months of rents due prior to the application date are documented as received timely. New leases can be utilized without 2 months receipt prior to the application date as long as the lease rent is not more than 125% of market rents as reflected on appraisal and as long as it is a long term (greater than 6 month) lease. First months' rent and security deposit must be received prior to closing Short Term Rents not permitted. IO Payment Qualification The interest only payment on a loan with an interest only payment feature may be used in lieu of an amortizing payment to calculate the Qualifying Payment and the DSCR. The amortizing payment described in the Qualifying Payment section must be used on loan which does not meet the criteria laid out here. Minimum FICO for IO feature is 700.
Asset Accounts	• Use 100% of cash and cash equivalents • Use 70% of face value for non-retirement asset accounts for reserve calculation. Proof of liquidation not required if asset balance is at least 120% of funds needed to close. • Use 70% of retirement assets for reserve calculations. • If Applicant is liquidating funds from retirement account, document liquidation and end balance • 1031 exchanges eligible for investment properties-see <u>Underwriting Guidelines</u> • 529 accounts at 60% of face value with copy of plan confirming savings plan and not pre-paid tuition plan. • Business funds may be used provided the Applicant(s) own(s) a minimum of 50% 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: ○ 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 Analysis to document that the withdrawal will have no adverse impact- see <u>Underwriting</u>

	Guidelines • Cash out proceeds MAY be used to meet the reserve requirement regardless of LTV
Gifted Funds	• Not Allowed
Liabilities	
Not Applicable to this program.	
Other Highlights	
Appraisal / Valuation	<u>Purchases and Refinances:</u> • Loan amount up to \$2MM, one appraisal required along with a secondary review including a CU score of 2.5 or below on loan amounts up to \$1.5MM, CDA, Field Review or Drive-By 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. Additional appraisal due diligence may be required at the discretion of underwriting. • <u>Purchase</u>: lesser of purchase price or appraised value • <u>Rate/Term Refinance</u>: For Rate and Term transactions utilize the appraised value regardless of seasoning • <u>Cash Out Refinance</u>: For 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. • <u>Technical Refinance</u>: For Technical Refinance/Delayed Financing and Cash out Refinances where the property has been owned less than 6 months use lesser of purchase price plus documented improvements or appraised value.
Geographic Eligibility	See Rate Sheet for State Eligibility. Restrictions: • Texas CO Refinances not allowed • 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 Investment Properties Located in New Jersey with a prepayment penalty, loan must be made to a Corporation (LLC, Partnerships and any other entity type are ineligible) as a Borrowing Entity with a full recourse personal guarantee from all material owners. • For Investment Properties located in Pennsylvania, prepayment penalties are prohibited on loans <\$329,411 (2026) for 1-2 units; no restrictions apply to 1-2 units above this amount or 3-4 unit properties • Max 50% LTV/CLTV for condominiums located in the state of Florida
Reserve Requirement	• LTV up to 70%: 6 months PITIA • LTV above 70%: 9 months PITIA
Title Vesting	• Individual names as joint tenants, community property, or tenants in common • Living trusts meeting FNMA's requirements • Limited Liability Corporations-<u>see Underwriting Guidelines</u> • Partnerships/Corporations-<u>see Underwriting Guidelines</u>
ARM Terms	• Margin = 6.000% • Index = 30 Day Average of SOFR • Caps ○ 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 7/6 and 10/6 ARMs and FRMs. The IO period is 10 years. Min FICO of 700 for a loan with an IO feature, regardless of how qualified.
Qualifying Payment	To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified): - Fixed Rate: Utilize the start rate over the full term of the loan - Amortizing ARM: Utilize the start rate over the full term of the loan - FRM/ARM with IO Feature: Utilize the start rate over a 30 year term.
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 additional information.
Min/Max Loan Amounts	Minimum: \$150,000 Maximum: \$2MM

LTV AND LOAN AMOUNTS REQUIREMENTS														
PURCHASE					RATE / TERM REFINANCE					CASH-OUT REFINANCE				
DSCR 1-4 Unit Investment Property					DSCR 1-4 Unit Investment Property					DSCR 1-4 Unit Investment Property				
FICO	LTV*	CLTV*	Loan Amount	Min DSCR	FICO	LTV*	CLTV*	Loan Amount	Min DSCR	FICO	LTV*	CLTV*	Loan Amount	Min DSCR
740	80%	80%	\$ 1,000,000	1.0x	740	75%	75%	\$ 1,000,000	1.0x	740	75%	75%	\$ 1,000,000	1.0x
	75%	75%	\$ 1,500,000	1.0x		70%	70%	\$ 1,500,000	1.0x		70%	70%	\$ 1,500,000	1.0x
	70%	70%	\$ 2,000,000	1.0x		65%	65%	\$ 2,000,000	1.0x		65%	65%	\$ 2,000,000	1.0x
720	80%	80%	\$ 1,000,000	1.0x	720	75%	75%	\$ 1,000,000	1.0x	720	75%	75%	\$ 1,000,000	1.0x
	75%	75%	\$ 1,500,000	1.0x		70%	70%	\$ 1,500,000	1.0x		70%	70%	\$ 1,500,000	1.0x
	70%	70%	\$ 2,000,000	1.0x		65%	65%	\$ 2,000,000	1.0x		65%	65%	\$ 2,000,000	1.0x
700	80%	80%	\$ 1,000,000	1.2x	700	75%	75%	\$ 1,000,000	1.2x	700	75%	75%	\$ 1,000,000	1.2x
	75%	75%	\$ 1,500,000	1.2x		70%	70%	\$ 1,500,000	1.2x		70%	70%	\$ 1,500,000	1.2x
	70%	70%	\$ 2,000,000	1.2x	680	70%	70%	\$ 1,000,000	1.2x	680	70%	70%	\$ 1,000,000	1.2x
680	75%	75%	\$ 1,000,000	1.2x		65%	65%	\$ 1,500,000	1.2x		65%	65%	\$ 1,500,000	1.2x
	70%	70%	\$ 1,500,000	1.2x										

Unlimited Cash Out up to 70 LTV and Max \$500k over 70 LTV
Florida Condos Max 50 LTV