

Simple Access® – ITIN Bank Statements

Program Description – Bank Statements as Alternative Income Documentation

Luxury Mortgage Corp. offers Individual Tax Identification Number (ITIN) loans to Applicants who are not eligible for a Social Security Number utilizing an analysis of deposits into bank statements 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 \$1.5 MM
- Interest only available with 30
- DTI up to 50 allowed
- Credit scores down to 660
- Business and Personal Statements allowed
- All occupancy types allowed
- 5/6, 7/6 and 10/6 ARM, 15, 30
- Multiple financed properties allowed
- Multiple bank statement qualification options

Eligibility Types

Applicants	<ul style="list-style-type: none"> • Individual Taxpayer Identification Number (ITIN) borrowers • First time home buyer • Non-Occupant Co-Applicants-see Underwriting Guidelines • Escrows Required
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 Underwriting Guidelines 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.
Eligible Occupancy	Primary, Second Home, and Investment Properties
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.
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 Underwriting Guidelines for permissible NW features (max 70LTV) • PUDs
Ineligible Property Types	<ul style="list-style-type: none"> • Mixed use properties • Properties with more than 20 acres • See Underwriting Guidelines for full list of unacceptable property types
Eligible Transactions	<p>Purchase, including non-arm’s length transactions-see Underwriting Guidelines</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

	<ul style="list-style-type: none"> • Technical refinances/delayed financing allowed-see <u>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 there was only one refinance within 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 65LTV • 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 (lowest middle score when borrowers are 50/50 owners) for pricing and guideline purposes • Use the lower of the Occupying or Non-Occupying Co-Applicant middle score for 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	Maximum DTI: 50.000
Residual Income	The minimum residual income for each loan is \$2,500 . Do not impute income taxes in the calculation.
Applicant Eligibility	Applicants must have been self-employed for at least two years with the same business. A CPA, EA, or licensed tax preparer letter or equivalent document verifying self-employment must be provided in all cases. The most recent bank statement in file must be no more than 120 days old at note date. At underwriter's discretion, current business existence and operations may be re-verified prior to closing, and updated bank statements may be required.

<p>Documentation Requirements & Calculation Methods</p>	<p>Personal Bank Statements Provide the most recent 12 or 24 months of personal bank statements. Evaluate deposits to verify that they are part of Applicant’s income stream. Any that are abnormal to Applicants typical deposits must be sourced/documentated to be considered as part of income. Total all eligible deposits and divide by number of statements provided to determine monthly income. Provide the most recent 3 months of business statements to verify that income is coming from Applicant’s business. Transfers from only one account are allowed. Multiple accounts may be provided for income calculation. Transfers between personal accounts not considered income. If an applicant does not document a separate business account or the borrower has additional income being deposited into the personal account along with business accounts, the underwriter must be able to clearly demonstrate that the deposits utilized to qualify originate from the Applicant’s business. An applicant who provides personal statements but does not meet the above outlined criteria will have their statements treated as business statements.</p> <p>Business Bank Statements Provide the most recent 12 or 24 months of business bank statements. Multiple accounts may be used however the same calculation method must be applied across all accounts provided. The Applicant(s) combined must own 25% or more of the business to utilize business bank statements.</p> <p>Method 1 Uniform Expense Ratio Multiply all deposits received by a 50% expense ratio. Multiply result by Applicant’s ownership percentage and divide by number of statements provided. So long as this expense ratio is reasonable to Applicant’s line of work and Applicant qualifies, no further information is required. Any abnormal deposits will need to be sourced and documented.</p> <p>Method 2 Profit and Loss Statement Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the period of bank statements provided. As long as business statements support eligible deposits of at least 75% of the gross receipts listed on the P&L, use the net income on the P&L for qualifying based on the Applicant’s pro-rata share of ownership. Any abnormal deposits will need to be sourced and documented. Income utilized to qualify must be reasonable based on the Applicant’s line of work.</p> <p>Method 3 CPA Letter for Expense Ratio Provide a letter from Applicant’s CPA, EA, or licensed tax preparer stating the business’ expense ratio based on the most recent year’s tax return or specify the business expenses as a percent of the gross annual sales/revenue and confirm they prepared the tax returns for the past 2 years. The letter may not include any exculpatory language. Multiply the expense ratio by the business’ total deposits over the period shown on bank statements. Deduct that figure from the total deposits. Multiply net deposits by the Applicant’s pro-rata ownership percentage and divide by the number of statements provided. Income utilized to qualify must be reasonable based on the Applicant’s line of work. The minimum expense factor is 10%.</p> <p>All Methods: Comingled accounts will be treated as business accounts for purposes of determining income.</p> <p>NSFs: NSFs are counted on an “instance” basis. A max of 12 instances are allowed if 12 months of statements are provided and a max of 24 instances are allowed if 24 months of statements are provided. LOE required if over 3 NSFs in either a 12 or 24 month period. <u>See Underwriting Guidelines</u> for additional detail.</p> <p>Income trend: Bank statements should show a stable or increasing trend. If the trend is declining and/or irregular, additional documentation may be required at underwriter’s discretion.</p>
<p>Other Income Sources</p>	<p>Rental Income Utilize 75% of the current lease income less PITIA on a net basis except for Owner Occupied. Do not include rental deposits as part of the bank statement income stream. 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>

Asset Accounts	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 80% of face value for non-retirement asset accounts • 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-see <u>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. • 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 and 10% contribution is required on second homes. Gifts not allowed on investment properties. • Gifts must be documented in compliance with FNMA requirements and be from immediately family members-see <u>Underwriting Guidelines</u>. • Gifts of equity are allowed, max 75 LTV on a primary residence. No Applicant contribution is required on a primary residence. 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 <p>All appraisals are subject to underwriting review and acceptance. 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 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% 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 • 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
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. 10 year IO feature. 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	<p>Minimum: \$150,000</p> <p>Maximum: \$1.5MM (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**
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