

## Simple Access® – Asset Qualifier

### Program Description – Substantial Liquid Assets as an Alternate Qualification Method

Luxury Mortgage Corp. offers loans to Applicants utilizing accumulated liquid assets as a basis for qualification 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 \$4MM**
- Interest only available with 30 or 40 year term
- No income documentation necessary
- 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

<b>Applicants</b>	<ul style="list-style-type: none"> <li>• US Citizen</li> <li>• Permanent Resident Alien</li> <li>• Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN-<b>Max Loan Amount \$3MM</b></li> <li>• First time home buyer-<b>Primary and Second Home Only, Max Loan Amount \$3MM, 6 months PITIA in reserves required if loan amount above \$1MM or LTV/CLTV above 80%.</b></li> <li>• Non-Occupant Co-Applicants-<u>see Underwriting Guidelines</u>-<b>Max Loan Amount \$3MM</b></li> <li>• <b>Foreign Nationals under Method 1 only and Max Loan Amount \$2MM-see Underwriting Guidelines</b></li> </ul>
<b>Ineligible Applicants</b>	<ul style="list-style-type: none"> <li>• Irrevocable Trust</li> <li>• Diplomatic immunity</li> <li>• 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</li> </ul>
<b>Eligible Occupancy</b>	Primary, Second Home, and Investment Properties
<b>Property Types</b>	<ul style="list-style-type: none"> <li>• 1-4 unit attached and detached properties</li> <li>• Warrantable Condos</li> <li>• 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 and Condotel (max 80 LTV for Non-Warrantable Purchase/Rate and Term, max 75 LTV for Cash out, max 75% LTV for Condotel Purchase/Rate and Term, max 70% LTV for Cash out)</li> <li>• PUDs</li> </ul>
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Mixed use properties</li> <li>• Properties with more than 20 acres</li> <li>• <u>See Underwriting Guidelines</u> for full list of unacceptable property types</li> </ul>
<b>Eligible Transactions</b>	<p><b>Purchase</b>, including non-arm's length transactions-<u>see Underwriting Guidelines</u></p> <p><b>Rate and Term Refinance</b></p> <ul style="list-style-type: none"> <li>• No title seasoning required</li> <li>• Payoff of first and second, where the second is seasoned &gt;6 months and not drawn &gt; \$5,000 in 12 months preceding application date unless the second was used in full to purchase the property</li> <li>• Buyout accompanied by an executed buyout agreement</li> <li>• Technical refinances/delayed financing allowed-<u>see Underwriting Guidelines</u></li> <li>• 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 a Rate and term if it was the only refinance within the preceding 12 month period as long as the borrower has owned the property for a minimum of 6 months.</li> </ul>

	<b>Cash-Out Refinance</b> <ul style="list-style-type: none"> <li>Refinances which do not fit into the rate and term guidelines are deemed to be cash out</li> <li>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.</li> <li>3 months title seasoning required provided that the new appraised value is not used at least 6 months.</li> <li>No limit on max cash out up to 65 LTV, max \$1MM cash out above 65 LTV</li> <li>Value to be utilized must be supported-see <u>Underwriting Guidelines</u></li> </ul>
<b>Credit Requirements</b>	
<b>Trade Lines</b>	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.
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Credit scores allowed down to 620, subject to loan amount and LTV restrictions</li> <li>Use the lowest middle score for pricing and guideline purposes. In the case of multiple Applicants where one Applicant solely provides at least 75% of the funds being utilized to meet the transaction's total requirements, utilize their middle score. Minimum score for all borrowers 620.</li> <li>Use the lower of the Occupying or Non-Occupying Co-Applicant middle score for guideline purposes</li> </ul>
<b>Housing Payment History</b>	<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 <b>or Loan Amount above \$3MM.</b></p> <p><b>First Time Home Buyer (FTHB)</b> 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. 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>
<b>Significant Credit Events</b>	<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"> <li>0-2 years removed: Not eligible</li> <li>2-4 years removed: Max 80 LTV, max \$1.5MM loan size</li> <li>&gt;4 years removed: Standard Guidelines</li> </ul> <p>Foreclosure:</p> <ul style="list-style-type: none"> <li>0-2 years removed: Not allowed</li> <li>2-4 years removed: Max 70 LTV, max \$1.5MM loan size, minimum 10% borrower own funds</li> <li>&gt;4 years removed: Standard Guidelines</li> </ul> <p>Additional Requirements</p> <ul style="list-style-type: none"> <li>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.</li> <li>Judgment/Tax Lien: Must meet one of the following: <ul style="list-style-type: none"> <li>Paid off prior to or at closing, or</li> <li>Show 6 month satisfactory payment history, include payment in debt service (to the extent required by guidelines), subordinate if recorded</li> </ul> </li> <li>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.</li> </ul>
<b>Income and Assets</b>	
<b>DTI</b>	No DTI is developed for this product. Qualification is based on assets only. Each file must meet a residual income test. Residual income is calculated based on qualifying assets divided over 48 months less monthly obligations. The residual income of the file must meet requirements-see <u>Underwriting</u>

	<u>Guidelines</u>
<b>Documentation Requirements</b>	<p>The following are required:</p> <ul style="list-style-type: none"> <li>• Six months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. Balances must be verified within <b>60</b> days of the note date</li> <li>• Two months of statements for accounts which are being used solely for funds to close.</li> </ul>
<b>Calculation Method</b>	<p>Qualification is determined solely based on the Applicant's liquid assets and assets that they can liquidate without restriction.</p> <p><b>Method 1   Mortgage Only</b> Total post-closing assets must meet 125% of the outstanding mortgage debt for which the Applicant has personal liability, including the proposed mortgage(s) on the subject property.</p> <p><b>Foreign National applicants are eligible for Second Homes under Method 1 only and per Foreign National matrix or Max 70 LTV and Max Loan Amount of \$2MM. -see Underwriting Guidelines</b></p> <p><b>Method 2   Simplified</b> Total post-closing assets must meet 110% of the proposed mortgage(s) on the subject property plus 25% of all other outstanding debt (mortgage and consumer).</p> <p><b>Method 3   Traditional</b> Total post-closing assets must meet the sum of the below:</p> <ul style="list-style-type: none"> <li>• 100% of loan amount</li> <li>• 36 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income)</li> <li>• 36 months of net rental losses on rental properties (do not include subject property's PITIA)</li> </ul> <p><b>Rental Calculation (Method 3 Only)</b> Rental properties are counted on a net basis based on 75% of lease less PITIA to determine impact on debt service. Net rent can never exceed \$0 for determining impact. For example, a property with a lease of \$1,600 and PITIA of \$1,500 would have a \$300 per month added to debt service (\$1,600 *75% - \$1,500=\$300).</p> <p><b>Asset Calculations (All Methods)</b> Assets are determined based on the below calculation:</p> <ul style="list-style-type: none"> <li>• Cash and cash equivalents: 100% of face value</li> <li>• Marketable securities (excludes unvested RSUs and Stock options): 100%</li> <li>• Retirement funds: 100%. If utilizing retirement account, document Applicant's ability to access the funds.</li> <li>• Cash surrender value of life insurance/annuity: 100%</li> <li>• Cryptocurrency: 100% if liquidated</li> <li>• To meet asset requirements up to 10% of the assets utilized may come from cash out proceeds (Methods 2 and 3 only)</li> <li>• <a href="#">Technical Refinance</a> proceeds can be used as eligible assets and maximum cash out limits do not apply.</li> <li>• Gift funds can be used for funds to close but not as qualifying balances for post-closing asset requirements-see Underwriting Guidelines for details. Gift funds not eligible on Foreign National loans.</li> </ul> <p>The balance of any loans secured against financial assets being used for asset qualification will be netted against the asset's value before application of the discount.</p>
<b>Asset Accounts</b>	<ul style="list-style-type: none"> <li>• See above requirements for utilizing cash, marketable securities, and retirement funds as funds to close, post-closing reserves, and asset qualification If Applicant is liquidating funds, document liquidation and end balance</li> <li>• Up to 10% of funds needed for qualifying can come from cash out proceeds.</li> <li>• 1031 exchanges eligible for investment properties. See Underwriting Guidelines for more detail.</li> <li>• Business funds may be used for funds to close 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 funds that may be utilized is based on the Applicant's</li> </ul>

	<p>percentage of ownership. Applicant(s) must provide either:</p> <ul style="list-style-type: none"> <li>○ 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</li> <li>○ 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-<u>see Underwriting Guidelines</u></li> </ul> <p>• Eligible cryptocurrency may be used but requires liquidation of proceeds for funds to close. <u>See Underwriting Guidelines</u> for allowable types of cryptocurrency and requirements</p>
<b>Gifted Funds</b>	Gift deposits are not eligible for the assets used to qualify. They may be utilized for funds to close a purchase only. Gifts not eligible on Foreign National loans.
<b>Liabilities</b>	
<b>Alimony/Child Support</b>	Alimony and child support are included part of the Applicant's debt service.
<b>Installment Debt</b>	No DTI is developed for this product.
<b>Other Highlights</b>	
<b>Appraisal / Valuation</b>	<p><b><u>Purchases and Refinances:</u></b></p> <ul style="list-style-type: none"> <li>• Loan amount up to \$2MM, one appraisal required</li> <li>• Loan amount over \$2MM, two appraisals required</li> </ul> <p>All appraisals are subject to underwriting review and acceptance. Loan amounts &gt;\$1.5MM and up to \$2MM may not utilize a CU score in lieu of a CDA. CDA is required if LTV&gt;80 regardless of CU score. Additional appraisal due diligence may be required at the discretion of underwriting.</p> <ul style="list-style-type: none"> <li>• <u>Purchase</u>: lesser of purchase price or appraised value</li> <li>• <u>Refinance (all types)</u>: For Rate and Term transactions utilize the appraised value regardless if 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.</li> </ul>
<b>Geographic Eligibility</b>	<p>The following states are eligible: AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IL (no IO loans), LA, MA, ME, MI, MN, NC, NE, NH, NJ, NM, NV, 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"> <li>• Texas CO Refinances-see Underwriting Guidelines</li> <li>• For Properties located in New Jersey or Pennsylvania the borrower must be an entity (LLC, Corporation, Trust, Partnership). A full recourse personal guarantee must be provided by all members with greater than 25% membership and by a minimum of 51% of the members.</li> <li>• 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</li> </ul>
<b>Reserves Required</b>	No reserves needed apart from the post-closing liquidity outlined in <u>Calculation Method</u> above.
<b>Title Vesting</b>	<ul style="list-style-type: none"> <li>• Individual names as joint tenants, community property, or tenants in common</li> <li>• Living trusts meeting FNMA's requirements</li> <li>• Blind Trusts-see <u>Underwriting Guidelines</u> for requirements</li> <li>• Limited Liability Corporations-see <u>Underwriting Guidelines</u> for requirements</li> <li>• Partnerships/Corporations-see <u>Underwriting Guidelines</u></li> </ul>

<b>ARM Terms</b>	<ul style="list-style-type: none"> <li>• Margin = 5.000%</li> <li>• Index = 30 Day Average of SOFR</li> <li>• Caps <ul style="list-style-type: none"> <li>◦ 5/6 ARM: 2/1/5</li> <li>◦ 7/6 and 10/6 ARM: 5/1/5</li> </ul> </li> <li>• Floor Rate = Note Rate</li> <li>• Adjustment Period = 6 Months</li> </ul>
<b>Interest Only</b>	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 features. 40 year term is not eligible on 5/6 ARM or loan amounts above \$3MM
<b>Qualifying Payment</b>	<p>To determine the P&amp;I component of the Qualifying Payment, utilize the below (except as otherwise specified):</p> <ul style="list-style-type: none"> <li>• Fixed Rate: Utilize the start rate over the amortizing term</li> <li>• Amortizing ARM: Utilize the greater of the start rate or the index plus margin, amortized over full term of the loan</li> <li>• 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.</li> </ul>
<b>Prepayment Penalty</b>	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 requirements.
<b>Mortgage Insurance</b>	Not required
<b>Min/Max Loan Amounts</b>	<p>Minimum: \$150,000</p> <p>Maximum: \$4MM 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	70%	70%	\$ 4,000,000	N/A	720	70%	70%	\$ 4,000,000	N/A	720	65%	65%	\$ 4,000,000	N/A
	80%	80%	\$ 3,000,000	N/A		75%	75%	\$ 3,000,000	N/A		75%	75%	\$ 3,000,000	N/A
	85%	85%	\$ 2,500,000	N/A		80%	80%	\$ 2,500,000	N/A		80%	80%	\$ 2,500,000	N/A
	90%	90%	\$ 1,500,000	N/A		85%	85%	\$ 1,500,000	N/A		85%	85%	\$ 1,500,000	N/A
700	75%	75%	\$ 3,000,000	N/A	700	70%	70%	\$ 3,000,000	N/A	700	70%	70%	\$ 3,000,000	N/A
	85%	85%	\$ 2,000,000	N/A		80%	80%	\$ 2,500,000	N/A		80%	80%	\$ 2,500,000	N/A
	90%	90%	\$ 1,000,000	N/A		85%	85%	\$ 1,500,000	N/A		85%	85%	\$ 1,500,000	N/A
680	75%	75%	\$ 3,000,000	N/A	680	70%	70%	\$ 3,000,000	N/A	680	70%	70%	\$ 3,000,000	N/A
	80%	80%	\$ 2,000,000	N/A		75%	75%	\$ 2,500,000	N/A		75%	75%	\$ 2,500,000	N/A
	85%	85%	\$ 1,500,000	N/A		80%	80%	\$ 2,000,000	N/A		80%	80%	\$ 2,000,000	N/A
660	70%	70%	\$ 2,500,000	N/A	660	70%	70%	\$ 2,000,000	N/A	660	70%	70%	\$ 2,000,000	N/A
	75%	75%	\$ 2,000,000	N/A		80%	80%	\$ 1,500,000	N/A		80%	80%	\$ 1,500,000	N/A
	85%	85%	\$ 1,500,000	N/A	640	75%	75%	\$ 1,500,000	N/A	640	75%	75%	\$ 1,500,000	N/A
640	70%	70%	\$ 2,000,000	N/A		70%	70%	\$ 1,500,000	N/A		70%	70%	\$ 1,500,000	N/A
	75%	75%	\$ 1,500,000	N/A	620	70%	70%	\$ 1,500,000	N/A		70%	70%	\$ 1,500,000	N/A
620	70%	70%	\$ 1,500,000	N/A		70%	70%	\$ 1,500,000	N/A		70%	70%	\$ 1,500,000	N/A
	75%	75%	\$ 1,000,000	N/A										

\*Max 85 LTV on 2-4 Unit Property Purchase and Rate and Term Refi

\*Max 80 LTV on Non-Warrantable Condos and Max 75 LTV on Condotel

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	70%	70%	\$ 4,000,000	N/A	720	60%	60%	\$ 4,000,000	N/A	720	55%	55%	\$ 4,000,000	N/A
	75%	75%	\$ 3,000,000	N/A		70%	70%	\$ 3,000,000	N/A		65%	65%	\$ 3,000,000	N/A
	80%	80%	\$ 2,500,000	N/A		75%	75%	\$ 2,500,000	N/A		75%	75%	\$ 2,500,000	N/A
700	65%	65%	\$ 3,000,000	N/A	700	65%	65%	\$ 1,500,000	N/A	700	65%	65%	\$ 3,000,000	N/A
	70%	70%	\$ 2,500,000	N/A		65%	65%	\$ 3,000,000	N/A		70%	70%	\$ 2,500,000	N/A
	80%	80%	\$ 2,000,000	N/A		70%	70%	\$ 2,500,000	N/A		65%	65%	\$ 3,000,000	N/A
680	65%	65%	\$ 3,000,000	N/A	680	65%	65%	\$ 1,500,000	N/A	680	70%	70%	\$ 2,000,000	N/A
	70%	70%	\$ 2,500,000	N/A		65%	65%	\$ 3,000,000	N/A		70%	70%	\$ 2,000,000	N/A
	80%	80%	\$ 2,000,000	N/A		70%	70%	\$ 2,000,000	N/A		65%	65%	\$ 2,000,000	N/A
660	65%	65%	\$ 2,500,000	N/A	660	65%	65%	\$ 1,500,000	N/A	660	75%	75%	\$ 1,500,000	N/A
	75%	75%	\$ 1,500,000	N/A		80%	80%	\$ 1,500,000	N/A		75%	75%	\$ 1,500,000	N/A
620	65%	65%	\$ 1,500,000	N/A	620	65%	65%	\$ 1,500,000	N/A	620	65%	65%	\$ 1,500,000	N/A

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

\*Max 75 LTV on Non-Warrantable Condos and Max 70 LTV on Condotel

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

LTV AND LOAN AMOUNTS REQUIREMENTS			
PURCHASE/RATE & TERM REFINANCE			
Foreign National Asset Qualifier Method 1 for Second Home			
FICO	LTV	CLTV	Loan Amount
680	60%	60%	\$ 2,000,000
	70%	70%	\$ 1,500,000
No FICO	60%	60%	\$ 2,000,000
	70%	70%	\$ 1,500,000

CASH-OUT REFINANCE			
Foreign National Asset Qualifier Method 1 for Second Home			
FICO	LTV	CLTV	Loan Amount
680	55%	55%	\$ 2,000,000
No FICO	55%	55%	\$ 2,000,000

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