

## Simple Access – Foreign Nationals

### Program Description – Loans to Qualified Foreign National Borrowers

Luxury Mortgage Corp. is offering loans to foreign national borrowers rental income on subject investment properties for qualification. Loans in this program are required to either meet or be exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans. This program is designed for borrowers who are sound credit risks based on a common sense approach to underwriting.

#### Highlights include the following:

- Loan amounts up to \$2MM
- Interest only feature available with no reduction to LTV
- No US credit score or history required
- 5/6, 7/6, 10/6 ARM, 15 Year Fixed and 30 Year Fixed
- Multiple-financed properties
- Credit scores down to 680

### Eligibility Types

<b>Borrowers</b>	Eligible Foreign Nationals-see <u>Underwriting Guidelines</u>
<b>Visa Requirements</b>	Applicants must provide a legible, valid foreign passport and Visa. The visa must evidence that the applicant has legally entered the US, though no defined stay is required-see <u>Underwriting Guidelines</u> for Eligible Visa types and other requirements and restrictions.
<b>Eligible Occupancy</b>	Investment Properties <b>Second Home under Asset Qualifier Method 1 only-see Underwriting Guidelines and Matrix</b>
<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 Condotels on the Approved Flag List or in a nationally recognized high end hotel brand may be considered with a pricing adjustment at max 70% LTV-see <u>Underwriting Guidelines</u></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 2 acres</li> <li>• Rural Properties</li> <li>• See <u>Underwriting Guidelines</u> for full list of unacceptable property types</li> </ul>

### Credit Requirements

<b>Trade Lines/Credit</b>	Any Applicant who has a social security must have a US credit report obtained and payment history analyzed. Foreign credit and payment histories do not need to be verified.
<b>Credit Score</b>	No US credit score required, but if one available it must be utilized in underwriting and pricing. Applicants without a US credit score will be underwritten based on a 680 FICO score, but no LTV/FICO LLPA shall be utilized, either positive or negative.
<b>Housing Payment History</b>	Housing payment history no greater than 0x30x12 and 0x60x24 for all US mortgages/rental verifications-See <u>Underwriting Guidelines</u> . Foreign mortgage and rental references do not need to be verified.  <b>First Time Home Buyer (FTHB)</b> Not allowed
<b>Significant Credit Events</b>	Applicants with any of the following major credit events in the US (bankruptcy, foreclosure, modification, short sale, short pay, deed in lieu, and 120+ day mortgage late) are subject to the below requirements, measured from event completion date or discharge/dismissal date to note date are not eligible.

	<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 70, and max \$1.5MM loan amount</li> <li>• &gt;4 years removed: Standard Guidelines</li> </ul> <p>Foreclosure:</p> <ul style="list-style-type: none"> <li>• 0-3 years removed: Not Eligible</li> <li>• 3-4 years removed: Max 70 LTV, max \$1.5MM loan size</li> <li>• &gt;4 years removed: Standard Guidelines</li> </ul> <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</li> <li>○ Show 6 month satisfactory payment history, include payment in the DSCR, 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. If greater, must be paid off prior to or at closing.</li> </ul>
<b>Income and Assets</b>	
<b>Calculation Method</b>	<p><b>Debt Service Coverage Ratio (DSCR)-INVESTMENT PROPERTIES ONLY</b></p> <p>The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property. The DSCR must meet or exceed 1.000 or eligible with Min 0.90 with 6 months additional reserves required.</p> <p><b>Determination of rents</b></p> <p><b>Purchase:</b></p> <p>Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, provide the leases in place. If vacant, 100% of the market rents may be utilized. See below for short-term rental requirements</p> <p><b>Refinance:</b></p> <ul style="list-style-type: none"> <li>• Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, Applicant must provide leases in place.</li> <li>• If the property is leased for more than the appraiser's opinion of market rents, the lease amount 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.</li> <li>• 1 Unit vacant properties are eligible if there is proof of recent renovation completed within the last 6 months and the property is listed for rent at or above the market rents(90% of long-term market rent on appraisal to be utilized for qualifying), 2-4 unit properties must be &gt;=50% occupied -see Underwriting Guidelines for additional information</li> </ul> <p><b>Purchase Short-Term Rental Income:</b></p> <p>Properties rented on a short-term basis may be eligible under the following circumstances:</p> <ul style="list-style-type: none"> <li>• Defined as rental subject with a leased term of less than six months</li> <li>• Borrower must provide proof of short-term ownership management</li> <li>• Proof property is listed on short-term rental site</li> <li>• Proof property is located in a market that supports short-term rentals</li> <li>• Proof short term rental is allowed in the subject property municipality</li> <li>• 12-month income statement must not be borrower generated (prior owner if available)</li> <li>• Use the lesser of 12-month income statement or 90% of market rent based on third party rental estimate (AirDNA "Rentalizer Tool")</li> <li>• Minimum 1.0 DSCR</li> </ul>

	<ul style="list-style-type: none"> <li>• Max LTV/CLTV 5% below max per matrix</li> </ul> <p>Refinance Short-Term Rental Income:</p> <p>Properties rented on a short-term basis may be eligible under the following circumstances:</p> <ul style="list-style-type: none"> <li>• Defined as rental subject with a leased term of less than six months</li> <li>• Borrower must provide proof of short-term ownership management</li> <li>• Proof property is listed on short-term rental site</li> <li>• Proof property is located in a market that supports short-term rentals</li> <li>• Proof short term rental is allowed in the subject property municipality</li> <li>• 12-month income statement must not be borrower generated</li> <li>• A 25% vacancy factor applies to the DSCR Calculation, AND</li> <li>• The gross rents may not be declining more than 10% 6 months over 6 months</li> <li>• Minimum 1.0 DSCR</li> <li>• Max LTV/CLTV 5% below max per matrix</li> </ul> <p><b>IO Payment Qualification</b></p> <p>The interest only payment on a loan with an interest only payment feature may be not 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 all loans.</p> <p><b>Multi-Year Lease</b></p> <p>An Applicant who owns a rental property which is subject to a long term lease adjusting within 12 months and which will continue for at least 12 months may use the step up in the lease amount. The amount of the increase that may be utilized is limited to the lesser of the increased lease amount or market rents.</p> <p><b>Asset Qualifier Method 1   Mortgage Only</b></p> <p>Total post-closing assets must meet 125% of the outstanding mortgage debt for properties located in the US for which the Applicant has personal liability, including the proposed mortgage(s) on the subject property.</p> <p>Foreign National applicants are eligible under Method 1 only and Max 70 LTV. -see Underwriting Guidelines</p> <ul style="list-style-type: none"> <li>• Max LTV/CLTV 5% below max per matrix</li> </ul>
<b>Applicant Eligibility</b>	<ul style="list-style-type: none"> <li>• All Applicants must either own their current primary residence or own an investment property.</li> </ul>
<b>Gifted Funds</b>	<ul style="list-style-type: none"> <li>• Not eligible</li> </ul>
<b>Other Highlights</b>	
<b>Appraisal / Valuation</b>	<ul style="list-style-type: none"> <li>• Loan amount up to \$2MM, <b>one</b> appraisal required</li> </ul> <p>In instances where one appraisal is required, said appraisal must have a CU score less than or equal to 2.5. If the CU score exceeds 2.5 or is unavailable, a CDA with a variance less than 10% is required. Loan amounts above \$1.5MM and up to \$2MM may not utilize the CU score in lieu of obtaining a CDA. Additional appraisal due diligence may be required at the discretion of Luxury Mortgage Corp.</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 of seasoning. For Technical Refinance/Delayed Financing use lessor of purchase price plus documented improvements or appraised value. However, on properties owned more than 6 months</li> </ul>

	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.
<b>Geographic Restrictions</b>	State eligibility is based on originator/company licensure. TX CO Refinances- not allowed -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 \$2 MM
<b>Reserve Requirement</b>	Loan amount up to \$2MM: 12 months' PITIA reserves <b>DSCR below 1.00 and Min 0.90x requires additional 6 months' PITIA reserves</b>
<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 Underwriting Guidelines</li> <li>Limited Liability Corporations-see Underwriting Guidelines</li> <li>Corporations/Partnerships-see Underwriting Guidelines</li> </ul>

<b>ARM Terms &amp; Qualifying</b>	<p>ARM Features</p> <ul style="list-style-type: none"> <li>Margin = 6.000%</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> </ul> <p>Qualifying Determinations</p> <ul style="list-style-type: none"> <li>Fixed Rate: Utilize the start rate over the full term of the loan</li> <li>Amortizing ARM: Utilize the start rate over the full term of the loan</li> <li>FRM/ARM with IO Feature: Utilize the start rate amortized over a 30 year term. Only allowed on FRM, 7/6 and 10/6 ARM. Minimum FICO of 680 for a loan with an IO feature, regardless of how qualified.</li> </ul>
<b>Min/Max Loan Amounts</b>	<p>Minimum: \$150,000</p> <p>Maximum: \$2MM</p>

LTV AND LOAN AMOUNTS REQUIREMENTS			
PURCHASE/RATE & TERM REFINANCE			
Foreign National $\geq 1.00$ DSCR			
FICO	LTV	CLTV	Loan Amount
680	65%	65%	\$ 2,000,000
	75%	75%	\$ 1,500,000
No FICO	65%	65%	\$ 2,000,000
	75%	75%	\$ 1,500,000

CASH-OUT REFINANCE			
Foreign National $\geq 1.00$ DSCR			
FICO	LTV	CLTV	Loan Amount
680	60%	60%	\$ 2,000,000
No FICO	60%	60%	\$ 2,000,000

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 $< 1.00$ DSCR and Min 0.90x			
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 $< 1.00$ DSCR and Min 0.90x			
FICO	LTV	CLTV	Loan Amount
680	55%	55%	\$ 2,000,000
No FICO	55%	55%	\$ 2,000,000

DSCR allowed down to Min 0.90x with additional 6 months reserves

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