

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 \$3MM
- Interest only available with 30 year term
- No income documentation necessary
- Credit scores down to 620
- Recent Credit Events Allowed
- All occupancy types allowed
- 7/6 and 10/6 ARM, 15 and 30 FRM
- Multiple financed properties allowed
- Non-Warrantable Condos may be considered

Eligibility Types

Applicants	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN • First time home buyer-<u>see Housing Payment History guideline below</u> • Non-Occupant Co-Applicants-<u>see Underwriting Guidelines</u>
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-<u>see Underwriting Guidelines</u> (max 65 LTV) • PUDs • Mixed use properties complying with Fannie Mae's requirements-<u>see Underwriting Guidelines</u>
Eligible Transactions	<p>Purchase, including non-arm's length transactions-<u>see Underwriting Guidelines</u></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 on in 6 months preceding application date unless the second was used in full to purchase the property • Recoup of funds expended to improve the subject property. Improvements must have been completed within the last 6 months preceding the application date, funds must have been Applicant's own. Cash out amount not to exceed documented improvement costs • Buyout accompanied by an executed buyout agreement • When the subject property was purchased for cash within the 6 months preceding the application date, funds may be recouped up to the Applicant's documented contribution. Gifted funds are not deemed to be Applicant's own funds <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 • 6 months seasoning required measured from deed transfer to application • Max cash out allowed: \$500k • Value to be utilized is based on length of ownership-<u>see Underwriting Guidelines</u>

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. The trade lines do not need to be open. 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.
Credit Score	<ul style="list-style-type: none"> • Credit scores allowed down to 620, subject to loan amount and LTV restrictions • 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.
Housing Payment History	<p>Housing payment history no greater than 0x30x12, 0x60x24, and 0x120x48 for all mortgages/rental verifications.</p> <p>First Time Home Buyer (FTHB) For standard guideline eligibility, Applicant must be able to document a 12 month rental history within the last three years preceding the application showing 0x30 over the 12 month period. Rent free allowed with max 70 LTV, no gifted funds, primary residence only.</p>
Significant Credit Events	<p>Applicants with any of the following major credit events (bankruptcy, foreclosure, modification, short sale, short pay, deed in lieu, pre-foreclosure including Notice of Default or Lis Pendens) are subject to the below requirements, measured from event completion date or discharge/dismissal date to application date:</p> <ul style="list-style-type: none"> • 0-2 years removed: Not Eligible • 2-4 years removed: Max 75 LTV • >4 years removed: Standard Guidelines <p>Additional Guidelines:</p> <ul style="list-style-type: none"> • 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 debt service (to the extent required by guidelines), subordinate if recorded • Collections/Charge-Offs: May be excluded if individually less than \$250 or in aggregate less than \$1,000. If greater, must be paid off prior to or at closing. Medical collections are excluded from this requirement regardless of amount.
Income and Assets	
DTI	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 Guidelines</u>
Documentation Requirements	<p>The following are required:</p> <ul style="list-style-type: none"> • Six months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. Balances must be verified with the most recent months' statement available as of the note date • Two months of statements for accounts which are being used solely for funds to close.
Calculation Method	<p>Qualification is determined solely based on the Applicant's liquid assets and assets that they can liquidate without restriction.</p> <p>Method 1 Mortgage Only 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>Method 2 Simplified Total post-closing assets must meet 120% of the proposed mortgage(s) on the subject property plus 30% of all other outstanding debt (mortgage and consumer).</p>

	<p>Method 3 Traditional Total post-closing assets must meet the sum of the below:</p> <ul style="list-style-type: none"> • 100% of loan amount • Reserves required per program-see <u>Reserves Required</u> • 60 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income) • 60 months of net rental losses on rental properties (do not include subject property's PITIA) <p>Rental Calculation (Method 3 Only) 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$). Other owned properties require additional reserves.</p> <p>Asset Calculations (All Methods) Assets are determined based on the below calculation:</p> <ul style="list-style-type: none"> • Cash and cash equivalents: 100% of face value • Marketable securities (excludes unvested RSUs and Stock options): 70% • Retirement funds: 60% unless if Applicant is of retirement age, then use 70%. If utilizing retirement account, document Applicant's ability to access the funds. • Cash surrender value of life insurance/annuity: 100% <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>
Asset Accounts	<ul style="list-style-type: none"> • 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 from non-retirement sources, document liquidation and end balance • If Applicant is liquidating from retirement accounts, document the liquidation and end balance • 1031 exchanges eligible for investment properties. See <u>Underwriting Guidelines</u> for more detail. • Business funds may be used for funds to close provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount funds that may be utilized is based on the Applicant's percentage of ownership. Applicant(s) must provide either: <ul style="list-style-type: none"> ○ 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- <u>see Underwriting Guidelines</u> • Cash out proceeds NOT be used to meet the reserve requirement
Gifted Funds	<ul style="list-style-type: none"> • Gift funds are allowed for funds to close only. A 5% contribution from Applicant's own funds is required. • 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. No Applicant contribution is required on a primary residence or a second home. A 5% Applicant contribution is required for investment properties
Liabilities	
Alimony/Child Support	Alimony and child support are included part of the Applicant's debt service.
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 debt service provided the asset balance exceeds the loan balance.

Other Highlights	
Appraisal / Valuation	<ul style="list-style-type: none"> • Loan amount up to \$1.5MM, one appraisal required • Loan amount over \$1.5MM, two appraisals 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>: If owned less than 12 months, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value.
Geographic Eligibility	<p>The following states are eligible: AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IL (no IO loans), MA, MD, ME, MI, NH, NC, NJ, NM, NY (no NY subprime), OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI.</p> <p>Restrictions:</p> <ul style="list-style-type: none"> • NY, NJ, CT: Max 75 LTV • New York (NY), Queens (NY), Kings (NY), Bronx (NY), Richmond (NY), Essex (NJ), San Francisco (CA) Counties: Rate/Term Refinance Max 75 LTV, Cash Out Refinance Max 70 LTV. See <u>Underwriting Guidelines</u> for limitations on appraisal age. • Texas CO Refinances-see <u>Underwriting Guidelines</u>
Reserves Required (Method 3)	<ul style="list-style-type: none"> • Loan amount up to \$1MM: 6 months PITIA • Loan amount above \$1MM and up to \$2MM: 9 months PITIA • Loan amount above \$2MM and up to \$3MM: 12 months PITIA • Other real estate owned: 2 months of each property's PITIA
Title Vesting	<ul style="list-style-type: none"> • Individual names as joint tenants, community property, or tenants in common • Living trusts meeting FNMA's requirements • Blind Trusts-see <u>Underwriting Guidelines</u> for requirements • Limited Liability Corporations-see <u>Underwriting Guidelines</u> for requirements • Partnerships/Corporations-see <u>Underwriting Guidelines</u>
ARM Terms	<ul style="list-style-type: none"> • Margin = 4.25% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor Rate = Note Rate • Adjustment Period = 6 Months
Interest Only	<p>Interest Only features are allowed on ARMs and FRMs. The IO period is 10 years. Standard guidelines apply.</p>
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, amortized over 20 years.
Prepayment Penalty	<p>Investment properties require a prepayment penalty for a period of at least one year in an amount equal to two percent of the original principal balance, to the extent permitted by state and federal law. See <u>Underwriting Guidelines</u> for requirements.</p>
Min/Max Loan Amounts	<p>Minimum: \$150,000 Maximum: \$3MM (Purchase/Rate and Term Refinance), \$2MM (Cash Out Refinance)</p>

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE											
Primary Residence				Second Home				Investment Property			
FICO	LTV	CLV	Loan Amount	FICO	LTV	CLV	Loan Amount	FICO	LTV	CLV	Loan Amount
740	80%	80%	\$ 3,000,000	740	70%	70%	\$ 3,000,000	740	70%	70%	\$ 3,000,000
	85%	85%	\$ 1,500,000		80%	80%	\$ 2,000,000		80%	80%	\$ 2,000,000
720	75%	75%	\$ 3,000,000	720	65%	65%	\$ 3,000,000	720	65%	65%	\$ 3,000,000
	80%	80%	\$ 2,000,000		70%	70%	\$ 2,000,000		70%	70%	\$ 2,000,000
700	75%	75%	\$ 2,000,000	700	65%	65%	\$ 2,000,000	700	65%	65%	\$ 2,000,000
680	70%	70%	\$ 2,000,000	660	60%	60%	\$ 2,000,000	660	60%	60%	\$ 2,000,000
660	65%	65%	\$ 2,000,000		65%	65%	\$ 1,000,000		65%	65%	\$ 1,000,000
	620	70%	70%	\$ 1,000,000	620	55%	55%	\$ 2,000,000	640	55%	55%
60%		60%	\$ 2,000,000	60%		60%	\$ 1,000,000	60%		60%	\$ 1,000,000
	65%	65%	\$ 1,000,000								

*Rate and Term Refi: -5% LTV

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See [Geographic Eligibility](#) for states with LTV limitations

CASH-OUT REFINANCE											
Primary Residence				Second Home				Investment Property			
FICO	LTV	CLV	Loan Amount	FICO	LTV	CLV	Loan Amount	FICO	LTV	CLV	Loan Amount
740	75%	75%	\$ 2,000,000	740	75%	75%	\$ 2,000,000	740	75%	75%	\$ 2,000,000
720	70%	70%	\$ 2,000,000	720	70%	70%	\$ 2,000,000	720	70%	70%	\$ 2,000,000
700	65%	65%	\$ 2,000,000	700	65%	65%	\$ 2,000,000	700	65%	65%	\$ 2,000,000
660	60%	60%	\$ 2,000,000	660	60%	60%	\$ 2,000,000	660	60%	60%	\$ 2,000,000
	65%	65%	\$ 1,000,000		65%	65%	\$ 1,000,000		65%	65%	\$ 1,000,000
620	55%	55%	\$ 2,000,000	620	55%	55%	\$ 2,000,000	640	55%	55%	\$ 2,000,000
	60%	60%	\$ 1,000,000		60%	60%	\$ 1,000,000		60%	60%	\$ 1,000,000

Max CO Proceeds: \$500k