

## Simple Access® – Full Documentation

### Program Description – Mortgage Solutions for Agency and Jumbo Fallout

Luxury Mortgage Corp. offers full documentation loans to Applicants under expanded underwriting guidelines. Loans in this program consider all factors as required in the Ability to Repay Rule as defined in section 1026.43. This program is designed for Applicants who are not eligible for agency and prime credit jumbo loans and is based on a common sense approach to underwriting.

#### Highlights include the following:

- Loan amounts up to \$3MM
- Interest only available with 30 year term
- DTI up to 50 allowed
- 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

<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</li> <li>• First time home buyer-see <u>Housing Payment History guideline below</u></li> <li>• Non-Occupant Co-Applicants-see <u>Underwriting Guidelines</u></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 allowed with a pricing adjustment-see <u>Underwriting Guidelines</u> (max 65 LTV)</li> <li>• PUDs</li> <li>• Mixed use properties complying with Fannie Mae's requirements-see <u>Underwriting Guidelines</u></li> </ul>
<b>Eligible Transactions</b>	<p><b>Purchase</b>, including non-arm's length transactions-see <u>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 on in 6 months preceding application date unless the second was used in full to purchase the property</li> <li>• 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</li> <li>• Buyout accompanied by an executed buyout agreement</li> <li>• 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</li> </ul> <p><b>Cash-Out Refinance</b></p> <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>• 6 months seasoning required measured from deed transfer to application</li> <li>• Max cash out allowed: \$500k</li> <li>• Value to be utilized is based on length of ownership-see <u>Underwriting Guidelines</u></li> </ul>

Credit Requirements	
<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. 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.
<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 middle score of the primary income earner for pricing and guideline purposes</li> </ul>
<b>Housing Payment History</b>	<p>Housing payment history no greater than 0x30x12, 0x60x24, and 0x120x48 for all mortgages/rental verifications.</p> <p><b>First Time Home Buyer (FTHB)</b> For standard guideline eligibility, Applicants 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>
<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, pre-foreclosure including Notice of Default or Lis Pendens) are subject to the below requirements, measured from event completion or discharge/dismissal date to application date:</p> <ul style="list-style-type: none"> <li>• 0-2 years removed: Max 70 LTV</li> <li>• 2-4 years removed: Max 75 LTV</li> <li>• &gt;4 years removed: Standard Guidelines</li> </ul> <p><b>Additional Guidelines:</b></p> <ul style="list-style-type: none"> <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 DTI, subordinate if recorded</li> </ul> </li> <li>• 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.</li> </ul>
Income and Assets	
<b>DTI</b>	<ul style="list-style-type: none"> <li>• Maximum DTI: <ul style="list-style-type: none"> <li>○ Primary residence purchase/rate term refi, all LTVs: 50.000</li> <li>○ All other occupancies/transaction types: <ul style="list-style-type: none"> <li>▪ Up to 70 LTV: 50.000</li> <li>▪ Above 70 LTV: 43.000</li> </ul> </li> </ul> </li> <li>• DTI above 43 and up to 50 must meet residual income requirements-see <u>Underwriting Guidelines</u></li> </ul>
<b>Documentation Requirements (Salaried Applicant)</b>	<p><b>Documentation Requirements</b> Provide the last two years' W-2's and the most recent 30 consecutive days of paystubs including year to date income with the most recent one dated within 30 calendar days of funding.</p> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• If Applicant receives bonus, commission, or overtime, obtain a written VOE to determine a history and continuance. Generally a two year history is required, 1-2 years can be used on a case by case basis with positive factors to offset and a reasonable expectation of continuance.</li> <li>• LMC reserves right to request tax returns in its sole discretion.</li> <li>• Restricted stock units: Restricted stock units may be used as qualifying income. Applicant must have a two year history of receipt and a three year continuance on vesting.</li> <li>• Stock options: Stock options may be used as qualifying income. Applicant must have a two year history of receipt and exercise.</li> </ul>

<b>Documentation Requirements (Self-Employed Applicant)</b>	<p>Applicants must generally be self-employed for 2 years; however 1-2 years is acceptable with 2 years previous employment in same line of work and no gaps. Provide the most recent one or two years' personal and/or business federal tax returns as applicable. Take 24 month average of income if increasing, 12 month average if decreasing. If decreasing, additional documentation may be required. A year end and/or year to date profit and loss statement and balance sheet dated within 60 calendar days of funding may be required. <u>See Underwriting Guidelines</u> for additional information.</p> <p>Verification of current business revenues and operations required prior to closing must be verified with the following:</p> <ul style="list-style-type: none"> <li>• Applicant to provide an LOE on the nature of their business and any impact from COVID</li> <li>• Most recent two (2) business bank statements prior to application supporting the profit and loss statement provided</li> <li>• Most recent one (1) business bank statement prior to funding supporting the profit and loss statement</li> </ul>
<b>Other Income Sources</b>	<p><b>Asset Distribution</b> Applicants may supplement income disclosed via traditional income sources by annuitizing their assets. They may set up a monthly distribution and document receipt of at least one monthly distribution prior to closing. The distribution must have at least 7 years of continuance based on the face value of the asset as of the distribution commencement. Verify current balance with the most recent full statement available as of the note date. Retirement accounts are ineligible if Applicant is under 59.5-<u>see Underwriting Guidelines</u></p> <p><b>Passive Asset Utilization</b> Applicants may supplement income disclosed via traditional sources by depleting assets available over a 15 year term with no rate of return imputed. All assets necessary to complete the transaction, including post-closing reserves, must be deducted in order to complete the calculation. Verify current balance with the most recent full statement available as of the note date. Standard asset haircuts are utilized-<u>see Underwriting Guidelines</u>.</p> <p><b>Rental Income:</b> <b>Method 1   Tax Returns</b> Utilize the net figure on schedule E page 1 of most recent year's tax return adding back depreciation, amortization and interest. Subtract the principal and interest component of the mortgage payment. Current insurance, taxes, and homeowner's association dues do not need to be documented. Document the unit in question is rented with most recent month's rent check.</p> <p><b>Method 2   Lease</b> Use 75% of current lease less documented PITI plus HOA dues and/or common charges. If lease is materially greater than income listed on tax return(s), Applicant to provide supporting explanation/documentation. Document the unit in question is rented with most recent month's rent check. Rental income from a vacant property may only be used on a subject property purchase transaction.</p> <p><b>Other Sources</b> Document most recent 1-2 years receipt on tax returns and supporting tax documentation, current receipt, and expectation of at least three years' continuance</p>
<b>Asset Accounts</b>	<ul style="list-style-type: none"> <li>• Use 100% of cash and cash equivalents</li> <li>• Use 70% of face value for marketable securities</li> <li>• Use 60% of retirement assets if Applicant is under 59.5, 70% if over</li> <li>• If Applicant is liquidating funds from non-retirement sources, document liquidation and end balance</li> <li>• If Applicant is liquidating from retirement accounts, document the liquidation and end balance</li> <li>• 1031 exchanges eligible for investment properties-<u>see Underwriting Guidelines</u></li> <li>• Business funds may be used provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount of funds that may be utilized is based on the Applicant's percentage of ownership. Applicant(s) must provide either:</li> </ul>

	<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 underwriter's to document that the withdrawal will have no adverse impact-see <u>Underwriting Guidelines</u></li> </ul> <ul style="list-style-type: none"> <li>• Cash out proceeds <b>MAY</b> be used to meet the reserve requirement <b>at a maximum 65 LTV</b></li> </ul>
<b>Gifted Funds</b>	<ul style="list-style-type: none"> <li>• Gift funds are allowed for funds to close. A 5% contribution from Applicant's own funds is required.</li> <li>• Gifts must be documented in compliance with FNMA requirements and be from immediate family members-see <u>Underwriting Guidelines</u>.</li> <li>• 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</li> </ul>
<b>Liabilities</b>	
<b>Alimony/Child Support</b>	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.
<b>Installment Debt</b>	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.
<b>Other Highlights</b>	
<b>Appraisal / Valuation</b>	<ul style="list-style-type: none"> <li>• Loan amount up to \$1.5MM, <b>one</b> appraisal required</li> <li>• Loan amount over \$1.5MM, <b>two</b> appraisals required</li> </ul> <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"> <li>• <u>Purchase</u>: lesser of purchase price or appraised value</li> <li>• <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.</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), 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"> <li>• NY, NJ, CT: Max <b>75</b> LTV</li> <li>• <b>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.</b></li> <li>• TX CO Refinances-see <u>Underwriting Guidelines</u></li> </ul>
<b>Reserve Requirement</b>	<ul style="list-style-type: none"> <li>• Loan amount up to \$1MM: 6 months PITIA</li> <li>• Loan amount above \$1MM and up to \$2MM: 9 months PITIA</li> <li>• Loan amount above \$2MM and up to \$3MM: 12 months PITIA</li> <li>• Other real estate owned: 2 months of each property's PITIA-<u>See Underwriting Guidelines</u> for an alternative</li> </ul>
<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></li> <li>• Limited Liability Corporations-see <u>Underwriting Guidelines</u></li> <li>• Partnerships/Corporations-see <u>Underwriting Guidelines</u></li> </ul>

<b>ARM Terms</b>	<ul style="list-style-type: none"> <li>• Margin = 4.00%</li> <li>• Index = 30 Day Average of SOFR</li> <li>• Caps = 2/1/5</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. Standard guidelines apply.
<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, amortized over 20 years.</li> </ul>
<b>Prepayment Penalty</b>	Investment properties require a prepayment penalty for a period of at least one year in an amount equal to two percent of the loan's original principal balance, to the extent permitted by state and federal law. See <u>Underwriting Guidelines</u> for requirements.
<b>Min/Max Loan Amounts</b>	Minimum: \$150,000 Maximum: \$3MM (Purchase/Rate and Term Refinance), \$2MM (Cash Out Refinance)

### 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	660	65%	65%	\$ 1,000,000	660	65%	65%	\$ 1,000,000
	70%	70%	\$ 1,000,000	620	55%	55%	\$ 2,000,000	640	55%	55%	\$ 2,000,000
620	60%	60%	\$ 2,000,000	620	60%	60%	\$ 1,000,000	640	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	660	65%	65%	\$ 1,000,000	660	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	620	60%	60%	\$ 1,000,000	640	60%	60%	\$ 1,000,000

Max CO Proceeds: \$500k