

## Simple Access® – Investor Cash Flow

### Program Description – Qualify Based on the Subject Property Only

Luxury Mortgage Corp. offers loans to Applicants utilizing solely the rental income on subject investment properties to determine cash flow. Loans in this program are deemed as exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans. 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 feature available with no reduction to LTV
- No DTI developed or employment verified
- Credit scores down to **640**
- **7/6** and **10/6** ARM, 15 and 30 FRM
- Multiple financed properties allowed
- Non-Warrantable condos may be considered
- **Recent Credit Events 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 (max 65 LTV)</li> </ul>
<b>Eligible Occupancy</b>	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-<u>see Underwriting Guidelines</u> (max65 LTV)</li> <li>• PUDs</li> <li>• Mixed use properties-<u>see Underwriting Guidelines</u></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 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-<u>see 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 640, subject to loan amount and LTV restrictions</li> <li>• Use lowest middle score of all Applicants 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> Not allowed</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 and Lis Pendens) are subject to the below requirements, measured from event completion date or discharge/dismissal to application date:</p> <ul style="list-style-type: none"> <li>• 0-2 years removed: Not allowed</li> <li>• 2-4 years removed: Max 75 LTV</li> <li>• &gt;4 years removed: Standard Guidelines</li> </ul> <p><b>Additional Requirements:</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 the DSCR (if attached to the subject property), 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>DSCR</b>	<p>No DTI is developed for this product. Qualification is based solely on the Debt Service Coverage Ratio (DSCR) of the subject property only. The minimum DSCR is subject to the following:</p> <ul style="list-style-type: none"> <li>• LTV up to 65: <ul style="list-style-type: none"> <li>○ FICO &gt;=720: .750</li> <li>○ FICO &lt;720: 1.000</li> </ul> </li> <li>• LTV above 65: 1.000</li> </ul>
<b>Applicant Eligibility</b>	At least one Applicant must be able to demonstrate a 12 month history of ownership and management of rental properties. It does not need to be have been in the most recent 3 year period. Commercial properties are acceptable for this purpose, as long as the Applicant was a majority owner of the property.
<b>Calculation Method</b>	<p>The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property</p> <p><b>Determination of Rents</b></p> <p>Purchase: Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, provide leases in place and proof of the most recent month's rent prior to closing. If vacant, 100% of market rents may be utilized.</p> <p>Refinance: Use 100% of the lesser of current or market rents as determined by the appraiser. If the property is leased for more than the appraiser's opinion of market rents, the lease amount may be used provided it does not exceed 110% of the appraiser's opinion of market rents. For rented properties, Applicant must provide leases in place. Provide proof of the most recent month's rent prior to closing. If vacant, 100% market rents may be utilized.</p>

	<p><b>IO Payment Qualification</b> On a purchase or rate and term refinance, the interest only payment on a loan with an interest only payment feature may be used in lieu of an amortizing payment to calculate the Qualifying Payment and the DSCR, provided the LTV does not exceed 65 and the FICO score on the file is not less than 700. The amortizing payment described in the Qualifying Payment section must be used on a cash out refinance or a purchase or rate and term refinance which does not meet the criteria laid out here.</p> <p><b>Multi-Year Lease</b> 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>
<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 non-retirement asset accounts</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-see <u>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: <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-see <u>Underwriting Guidelines</u></li> </ul> </li> <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. The Applicant must contribute 5% of their own funds to the transaction.</li> </ul>
<b>Liabilities</b>	
Not Applicable to this program.	
<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, 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>• Vacant subject property (including multi-family with 1 or more vacant units): Additional 6 months' PITIA</li> <li>• Other real estate owned: 2 months of each property's PITIA</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 <a href="#">Underwriting Guidelines</a></li> <li>• Limited Liability Corporations-see <a href="#">Underwriting Guidelines</a></li> <li>• Partnerships/Corporations-see <a href="#">Underwriting Guidelines</a></li> </ul>
<b>ARM Terms</b>	<ul style="list-style-type: none"> <li>• Margin = 4.5%</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>	To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified): <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 over a 20 year term.</li> </ul>
<b>Prepayment Penalty</b>	A prepayment penalty is required 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 <a href="#">Underwriting Guidelines</a> 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 AND TERM REFINANCE				
FICO	LTV	CLV	Loan Amount	
740	70%	70%	\$	3,000,000
	80%	80%	\$	2,000,000
720	65%	65%	\$	3,000,000
	70%	70%	\$	2,000,000
700	65%	65%	\$	2,000,000
660	60%	60%	\$	2,000,000
	65%	65%	\$	1,000,000
640	55%	55%	\$	2,000,000
	60%	60%	\$	1,000,000

\*Rate and Term Refi: -5% LTV

See [Geographic Eligibility](#) for LTV Limitations

CASH OUT REFINANCE				
FICO	LTV	CLV	Loan Amount	
740	75%	75%	\$	2,000,000
720	70%	70%	\$	2,000,000
700	65%	65%	\$	2,000,000
660	60%	60%	\$	2,000,000
	65%	65%	\$	1,000,000
640	55%	55%	\$	2,000,000
	60%	60%	\$	1,000,000

Max CO Proceeds: \$500k