



Luxury Mortgage Corp.®

Wholesale Lending Guide

Version 1.0

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SECTION 1.0 – OVERVIEW

SECTION 1.1 – INTRODUCTION

The Wholesale Lending Division of Luxury Mortgage Corp.® (“Luxury Mortgage”) funds Mortgage Loans submitted by approved Brokers. The Wholesale Lending Agreement (“Agreement”), which by incorporation includes the Wholesale Lending Guide and the Underwriting Guidelines (the “Guidelines”) as amended from time to time, governs business relationships between Luxury Mortgage and approved Brokers (“Brokers”). The Guidelines sets forth the terms and conditions, process, policies and procedures by which approved Brokers may submit Loan Packages to Luxury Mortgage for review. The Guidelines together with the Agreement constitute the entire agreement between the Broker and Luxury Mortgage.

SECTION 1.2–ADDRESSES, CONTACT INFORMATION AND HOURS OF OPERATION

Contact Information:

Mail:

Luxury Mortgage Corp.
4 Landmark Square, Third Floor
Stamford, CT 06901

Hours of Operation: 9 A.M to 5:30 P.M. Monday through Friday

Holidays:

The federally recognized holidays at the time of publication of this Broker’s Guide are as follows:

New Year’s Day	Memorial Day	Veteran’s Day
Martin Luther King, Jr. Day	Independence Day	Thanksgiving Day
Labor Day	Christmas Day	
President’s Day	Columbus Day	

On federal holidays, banks and the U.S. Postal Service do not operate and wire transfers do not occur. Luxury Mortgage’s wire desk is closed on federal holidays so therefore no Mortgage Loans will be funded on federal holidays. Additionally, Luxury Mortgage will be closed the day after Thanksgiving, which will be treated as a holiday.

SECTION 1.3 – FEES

Luxury Mortgage will charge fees listed on the Rate Sheet. These fees will be charged to the Borrower at the time of funding.

SECTION 1.4 – BROKER ID, LOAN NUMBER

Luxury Mortgage will assign a unique Broker ID to each Broker upon approval. This number will be referenced on the registration/submission/rate lock form, any Underwriting Dispositions issued, the Broker’s initial approval letter issued by Luxury Mortgage, the annual recertification, and any other relevant documents.

SECTION 1.5 – GEOGRAPHIC ELIGIBILITY

Mortgage Loans originated in the following states are eligible for review:

AL, AZ, CA, CO, CT, DC, FL, GA, IL (no IO loans), MA, MD, ME, MI, NH, NC, NJ, NM, NY, OH, OR, PA, RI, SC, TN, TX (no 50(a)(6)), VA, WA

Any loans that fall under the definition of New York Subprime Home Loan are not eligible. NY Subprime is defined as a primary residence where the loan amount is under the county’s conforming limit (high balance if a high cost county, standard if not) where the APR is more than 1.75% above the comparable rate based on the Freddie Mac Mortgage Survey. This applies only to Full Documentation, Bank Statements, and Asset Qualifier. See NY Banking Law §6-M for additional information.

SECTION 2.0 – BROKER ELIGIBILITY

The Eligibility section outlines requirements for becoming an approved Broker and for maintaining that eligibility in good standing (as defined within [section 2.3.3](#) of the Guide). All applicants must submit their applications utilizing Comergence and will be provided with a login.

SECTION 2.1— APPROVAL OVERVIEW

Luxury Mortgage will review the applicant's information and request for approval to determine eligibility. At the discretion of Luxury Mortgage, eligibility standards may be waived, modified or changed; however, any modification or waiver shall not impinge the ability of Luxury Mortgage to enforce other provisions of the Guidelines or Agreement nor subsequently enforce a waived or modified provision should circumstances change.

This Eligibility section provides a list of all the documentation Luxury Mortgage needs to review for approval. Upon completion of all the items and documents listed below, please upload and submit them via the Comergence portal at www.comergence.com.

To become an approved Broker with Luxury Mortgage, the applicant must:

- Satisfy all Luxury Mortgage's eligibility requirements
- Accurately and fully complete all required applications and provide all necessary documentation¹
- Execute the applicable Agreement, in addition to other agreements, documents, forms or requirements that may be applicable to the approval requested

Luxury Mortgage retains the right to approve a Broker with restrictions and may impose additional conditions or requirements for review in order to maintain Broker approval.

SECTION 2.1.1–COMERGENCE

Comergence is an online due diligence screening firm utilized by Luxury Mortgage. The Comergence portal makes applying easier and safer using an electronic application to streamline the approval process. Comergence provides a proprietary combination of background due diligence with ongoing compliance surveillance, all of which makes the entire management process easier.

SECTION 2.1.2–MINIMUM REQUIREMENTS

- Be a duly organized, valid entity in good standing
- Must possess and maintain all required licenses necessary to conduct business in each jurisdiction in which Mortgage Loans are originated
- Be in compliance with all applicable federal, state and local ordinances, rule, requirements, regulations and laws
- Must have been actively engaged in residential mortgage lending as a Broker for a minimum of two (2) years
- Owners/key decision makers must have at least three (3) years of residential mortgage lending experience
- Company and Principals must have an acceptable credit history and background
- A minimum net worth of \$200,000
- Maintain the following insurance coverages (where required):
 - Errors and Omissions (E&O)/Fidelity
 - Cyber Security
 - D&O
 - Professional Liability
- Acceptable plans/policies for the following:
 - Quality Control
 - Compliance Management System
 - Completing Government Monitoring Information on Form 1003

- Cyber Security
- Vendor Management
- Anti-Money Laundering
- Consumer Complaint
- Not be listed on any exclusionary lists provided by the GSEs or HUD or under investigation or suspended by any government agency
- Not be listed on any public or non-public commercial watch list or database which reports cases of misrepresentation or failure to honor contractual obligations
- Rates of delinquency and repurchase must be acceptable
- The Broker's mortgage insurance claim experience must be acceptable to Luxury Mortgage

SECTION 2.2 – DOCUMENTATION REQUIREMENTS FOR APPROVAL

The following documentation is required for Broker approval. Please separately provide any information not included within the Comergence application.

- Completed Broker Application
- Legal entity creation documents including any amendments thereto
- Certificate of Good Standing to conduct business in state of incorporation and each state in which Broker does business
- Organization Chart
- Resumes: Executive Management (CEO, CFO, COO, etc.) and Department Heads
- Last 12 months of QC audit findings and management responses (if applicable)
- Certificates of Insurance for the following coverages (if required and/or maintained by Broker):
 - E&O/Fidelity Bond
 - Cyber Security
 - D&O
 - Professional Liability
- Last year's financials along with year to date financials. Financials must be signed by either the CFO or a principal
- Completed and signed Request for Taxpayer Identification Number and Certification (IRS Form W-9). If there are any updates to the form made by the IRS or the Department of the Treasury, it must be re-completed and re-submitted to Luxury Mortgage

If the Broker is a subsidiary of another company, the financial statements of the parent company must also be provided. Any Audited Financials provided must be accompanied by an unqualified opinion by a firm of independent certified public accountant that indicates the information is an accurate reflect of the Broker's financial condition.

SECTION 2.3 – BROKER RESPONSIBILITY

SECTION 2.3.1–MAINTAINING ELIGIBILITY

Once a Broker is approved by Luxury Mortgage, it must continue to meet the eligibility requirements herein to maintain its eligibility and approval. Luxury Mortgage retains the right to conduct periodic audits or inspections at one or more of the Broker's offices with reasonable notice during normal business hours. The scope of the audit would include but not be limited to Loan Packages that have been submitted to Luxury Mortgage and the Broker's compliance with the terms of the Agreement and Guidelines. Luxury Mortgage may suspend such Broker or terminate its entire relationship with that entity upon any failure by the Broker to meet the Broker's obligations in the Guidelines or the Agreement.

SECTION 2.3.2–NOTIFICATION OF SIGNIFICANT CHANGES

Broker must provide written notice of any contemplated significant change in its organization, including copies of any filings with, or approvals from its regulators. Luxury Mortgage requires written notice

immediately, but no later than seven (7) calendar days, after the finalization of significant changes relating to the Broker including, but not limited to:

- Any mergers, consolidations or reorganizations
- Any direct or indirect material change in ownership; an indirect change in ownership includes any change in the ownership of the Broker's parent, any owner of the parent, or any beneficial owner of the Broker that does not own a direct interest in the Broker
- Any change in corporate name
- Any change from a federal charter to a state charter (or vice versa) if the Broker is a Savings and Loans Association or a Bank
- Material Adverse Change in financial condition
- Any change in authority evidenced by the Corporate Resolution
- Any change in Agency approval
- Any change in fiscal year end date
- Any change in management or key personnel or persons who oversee key Broker departments
- Use of a new or different fictitious (DBA) name
- Any that arises litigation to which the Broker is a party
- Any use of a new or different fictitious name (DBA) or change regarding registration or licensure of an existing fictitious (DBA) name
- Any change that could cause a Material Adverse Change to the value of any Mortgages Loans submitted under the Agreement and Guidelines

SECTION 2.3.3–GOOD STANDING/RECERTIFICATION

All approved Brokers must remain in good standing with Luxury Mortgage to maintain eligibility to register and submit Loan Packages. Failure to remain in good standing could result in Luxury Mortgage's termination of the Agreement with cause.

To remain an approved Broker in good standing the Broker must:

- Actively participate in the products and programs described in the Guide
- Maintain an acceptable pull through rate on commitments issued by Luxury Mortgage
- Be in full compliance with all terms of the Agreement and the Guide
- Complete and submit all requested documents as part of the Annual Recertification. Updated information requirements include, but are not limited to:
 - Copies of renewed/updated Fidelity Bond and E&O Insurance
 - State licensing list with copies of the applicable current/updated state licenses
 - Audited Financial Statements with all appropriate schedules and attachments
 - Current unaudited financial statements no older than four (4) months
 - Updated/Current Organization Chart
 - Resumes on any new management position changes since last approval
 - Copy of two most recent QC reports
 - Any other additional certifications or information requested by Luxury Mortgage.
 - Annual Broker recertification form

SECTION 2.3.4 – BROKER MONITORING

Luxury Mortgage regularly monitors the performance of loans delivered by brokers. It is Luxury Mortgage's expectation that the funded loans will perform and will pay down and/or pay off at levels that are comparable to the industry. To that extent, Luxury Mortgage will carefully monitor the post-closing performance of loans delivered by each Broker. If an individual Broker's loans are not performing and/or are prepaying faster than is typical to the industry, Luxury Mortgage may take action up to and including termination of the Broker's approval with Luxury Mortgage.

SECTION 3.0 – LOCK POLICY

SECTION 3.1 – BEST EFFORTS RATE LOCK PROGRAM

The Lock Policy outlines the terms by which Brokers can lock an interest rate for a Borrower with Luxury Mortgage. When a Broker locks a Mortgage Loan with Luxury Mortgage, the interest rate, pricing, and

terms are protected through Lock Expiration. The Mortgage Loan must fund before the expiration of the Rate Lock. Any Mortgage Loan that is not funded by the Lock Expiration may be subject to an Extension Fee or a relock at worse-case pricing.

The Lock Desk hours of operation are: 9:30 AM to 5:30 PM, based on the originating branch location of the Broker.

The e-mail address for the Lock Desk is: lockdesk@LuxuryMortgage.com

Brokers can expect to receive a Lock Confirmation within 24 hours. The Lock Desk has the right to reject any lock requests that are not completed correctly.

SECTION 3.1.1—REGISTRATION/RATE LOCK AND LOCK CONFIRMATION

Brokers register and lock Mortgage Loans in the TPO Website. Brokers have the option of either registering/locking on the website itself or completing and uploading a manual request. If the Broker is manually uploading a request, they should email the lock desk to notify them the request is uploaded. Rate Locks are priced based on the rates in effect at the time a lock is confirmed. The Lock Confirmation will be posted to the TPO Website, which may be printed or downloaded. The confirmation will display a Lock Price. Brokers must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies. All Rate Locks are Mortgagor and property specific.

A Mortgage Loan may be locked at any point in the process, provided the Broker has uploaded a completed registration form along with all required documents to register the Loan Package with Luxury Mortgage and Luxury Mortgage has accepted said registration. See [Section 4.1](#) for additional information. A Loan Package must be locked prior to the issuance of the final LE and CD for the Mortgage Loan.

In the event of changes to the Loan Package which would drive a pricing change, the Broker must notify the Lock Desk. An updated confirmation will be issued reflecting the change.

See [Section 3.4](#) for details on locking loans with Luxury Mortgage

Note: Confirmation of a Rate Lock does not constitute underwriting approval and/or exception approval. All Loan Packages must meet Luxury Mortgage's Underwriting Guidelines, as determined by Luxury Mortgage.

SECTION 3.1.2—CANCELLATIONS

Brokers must notify the Lock Desk as soon as possible when a locked loan is canceled. Failure to do so on a regular basis may impact Broker eligibility.

SECTION 3.2 – LOCK DESK & PRICING

SECTION 3.2.1—DAILY PRICING

Interest rates are published daily, generally by noon AM EST (M-F). Luxury Mortgage reserves the right to change rates at any time. Rates will be published to the TPO Website and distributed via email. Each Rate Sheet will provide the effective date and time.

SECTION 3.2.2—INTRA-DAY PRICE CHANGES

Luxury Mortgage reserves the right to change pricing without advance notice at any time, which may also include after the market closes. Luxury Mortgage makes its best effort to notify Brokers of new pricing when there is an intraday price change; however, Brokers will receive the pricing in effect when loans are locked on the TPO Website. Brokers are responsible for verifying the Lock Confirmation as soon as it is received and must contact the Lock Desk immediately if there is a discrepancy. Intra-day price changes will be emailed and published in the system as soon as is feasible.

SECTION 3.3 – RATE LOCK PROGRAMS

Luxury Mortgage offers its approved Brokers competitive pricing. Specific information regarding Rate Locks, extensions, and renegotiations is provided as follows.

SECTION 3.3.1–GENERAL RATE LOCK INFORMATION

General information regarding the available duration of Rate Locks, cost and length of extensions, adjusters, and all matters related to pricing are found on the daily Rate Sheet. Brokers should rely on the most recent Rate Sheet in regards to all pricing and rate extension information (or the Rate Sheet at time of lock in regards to extensions and worst-case pricing.) Information on the Rate Sheet will take precedence over the information in this Guide.

SECTION 3.3.2–RATE LOCK EXTENSIONS

- Extension Fees are posted on the Rate Sheet
- Lock extensions are available for active locks. Expired locks may not be extended, they can only be relocked
- Locks may be extended per the individual Loan Program's guidelines. See the applicable Rate Sheet or contact the Lock Desk

SECTION 3.3.3–RATE RE-LOCKS

Any Mortgage Loan that was locked with Luxury Mortgage and subsequently expired without funding must be relocked in accordance with the individual Loan Program's guidelines. See the applicable Rate Sheet or contact the Lock Desk.

SECTION 3.3.4–RATE LOCKS AND FUNDING

Locks with weekend or holiday Lock Expirations roll back to the previous business day prior to the stated Lock Expiration; this becomes the effective Lock Expiration.

Luxury Mortgage reserves the right to price expired loans outside of the matrix above based on market conditions.

All Loan Packages must fund by the lock expiration date or be subject to extension fees.

SECTION 3.4 — LOCKING LOANS

Luxury Mortgage utilizes the TPO Website for all Lock Confirmations.

SECTION 3.4.1–CREATING ACCOUNTS

All Brokers must designate an internal administrator for managing access to the TPO Connect Website.

SECTION 3.4.2–INFORMATION REQUIRED TO LOCK LOANS

Brokers can enter information manually or by using a Fannie Mae DO or Fannie 3.2 file. The Broker must register the Loan Package with Luxury Mortgage in order to lock.

Brokers are always responsible for confirming the accuracy of the information in the system. Any discrepancies uncovered in underwriting may affect pricing. Please take the time to verify that all information is correct and that all required documentation has been provided. Luxury Mortgage will not be responsible for any errors made by the Broker.

SECTION 3.5 – PRICING VALIDATION

Any Loan Package submitted for review will have pricing re-verified after submission. Any changes discovered that would drive a pricing change will be reflected on an updated confirmation issued to the Broker after submission. It is still the Broker's responsibility to notify the lock desk of any changes to pricing.

SECTION 3.6 – BROKER COMPENSATION

The Broker may receive either Lender Paid Compensation or Borrower Paid Compensation for any given transaction. The amount of Lender Paid Compensation a Broker receives will be based on the percentage selected on the most recently executed Lender Paid Compensation Selection form. The

amount of Borrower Paid Compensation is limited to two (2) points, expressed as a percentage of the loan amount. The amount of Borrower Paid Compensation selected on a given transaction may not be based on the terms of the loan or a proxy for the terms of the loan.

In the event a Broker selects Lender Paid Compensation for a transaction, the Broker **MAY NOT** receive any compensation from any other person or entity, including but not limited to the consumer. In the event a Broker selects Borrower Paid Compensation for a transaction, then Luxury Mortgage will not pay any compensation to the Broker and the Broker will not accept any compensation or other payment from any other person or entity, including but not limited to Luxury Mortgage.

SECTION 4.0 – FILE SUBMISSION

SECTION 4.1 – LOAN REGISTRATION

The Broker is responsible for registering a Loan Package and for submitting all of the items identified on the applicable New Loan Submission Checklist to the TPO Website within 24 hours of receipt a completed application from the Borrower. If the items required to register a Loan Package are not received within 24 hours of receipt of a completed application from the Borrower, Luxury Mortgage may in its discretion reject the Loan Package. The Loan Package will be reviewed for completeness by Luxury Mortgage and if complete the file will be put in line for issuance of an initial Loan Estimate and any other disclosures as required by federal, state, and local regulation. If items are missing or the Loan Package is otherwise defective, the Luxury Mortgage will contact the Broker and request any items needed. If the Broker does not provide ALL missing items within 24 hours of request and within 48 hours of the application date, Luxury Mortgage will be forced to reject the Loan Package. Luxury Mortgage requires the Broker to indicate at time of initial submission whether they will be utilizing Borrower Paid Compensation or Lender Paid Compensation. If Borrower Paid Compensation is being utilized, no Lender Paid Compensation may be collected by the Broker (and vice versa).

Luxury Mortgage will issue the Loan Estimate. The Broker must not issue a Loan Estimate on Luxury Mortgage's behalf.

Once a Loan Package is successfully registered with Luxury Mortgage, an individual loan number will be assigned. Please reference that loan number in all correspondence related to the Loan Package.

Luxury Mortgage reserves the right to reject file submissions for poor quality and/or inconsistency with program guidelines.

Please note that Luxury Mortgage strictly enforces its "[CHANGES IN DOCUMENTATION TYPE](#)" policy-see the relevant section for additional information.

SECTION 4.2 – INITIAL UNDERWRITING REVIEW

Once the disclosures have been issued and signed, the file will be moved to processing. During this period, the Broker is responsible for submitting a fully processed Loan Package, including all applicable documents listed on the New Loan Submission Checklist to the TPO Website. Upon receipt of a Loan Package, Luxury Mortgage will review the Loan Package. If the Loan Package is complete, it will be moved to the underwriting queue. If not, a Needs List will be issued to the Broker. Once a Loan Package is sufficiently complete, it will then be moved to the underwriting queue. Luxury Mortgage will make all possible efforts to issue an initial Underwriting Disposition within its posted turn times. In order to comply with applicable regulation, Luxury Mortgage must issue an Underwriting Disposition on each Loan Package within 30 days of the Mortgage Loan's application date. It may be necessary for the Mortgagor(s) to explain or clarify information provided on the application or for a third party to clarify information provided on a verification request form. The Broker will be expected to provide any additional information requested by Luxury Mortgage in a timely manner. Approval of the Mortgage Loan is in Luxury Mortgage's sole discretion.

If the Underwriter recommends a Loan Package for a declination, it will be reviewed with a Luxury Mortgage Underwriting Manager. If the determination is reached that Luxury Mortgage is and will be unable to issue an approval on the Loan Package, the Broker will be notified. Luxury Mortgage will also mail to the Borrower the appropriate documentation as required by federal, state and/or local regulation.

SECTION 4.3 – CONDITION CLEARING REQUIREMENTS

If a Loan Package is either suspended or approved with condition(s), the Underwriting Disposition will indicate what is required in order for a Clear to Close to be issued. Luxury Mortgage encourages its Brokers to provide all conditions in a timely manner so as to not delay a closing. Conditions should all be uploaded at one time to the TPO Website to most effectively streamline condition review and clearance. If an updated Underwriting Disposition is issued with additional conditions, the Broker should follow the same process in order to obtain a Clear to Close. All efforts will be made to keep to posted turn times. Note that Luxury Mortgage reserves the right to perform additional Quality Control once all conditions are cleared and prior to issuing a Clear to Close. Additional conditions may be requested at that time. Luxury Mortgage requires a status update on each file submitted at least once every 30 days after the most recent Underwriting Disposition.

SECTION 4.4 – CONDO/COOP REVIEW PROCESS

As allowed based on the Underwriting Guidelines of the respective Loan Program, Luxury Mortgage will consider loans secured by units located in condo and coop buildings. In addition to the Borrower's credit file, all condo and coop buildings are subject to review and approval by Luxury Mortgage's underwriting department. Please refer to the applicable Underwriting Guidelines for specific requirements and approval criteria. If a project falls outside of Guidelines, Luxury Mortgage may be able to consider an exception. The Broker should contact their Account Executive to investigate the possibility of an exception.

SECTION 4.5 – SCENARIO/EXCEPTION REVIEW

If a Broker has a question related to a Loan Package or a specific guideline(s), either prior to or after submission, they may reach out to their Account Executive for guidance. The Account Executive will take necessary steps to facilitate a response. To the extent necessary, the Broker should include the correspondence including any exception approval(s) with the Loan Package.

SECTION 4.6 – TITLE/TRUST/LLC REVIEW PROCESS

The Broker is responsible for obtaining and providing a title report or commitment. Luxury Mortgage will review the title report. If, as permitted under the applicable Underwriting Guidelines, title to the Mortgaged Property will close in a living trust, blind trust, or LLC, the Broker is responsible for providing any required documentation in a timely manner for Luxury Mortgage's review. Luxury Mortgage will advise if the entity is approved or if further information is required. Refer to the Underwriting Guidelines for review requirements and any additional conditions that apply. Approval of the entity holding title is in Luxury Mortgage's sole discretion.

SECTION 4.7 – LOAN CLOSING PROCESS

The Broker is responsible to provide any documents necessary to have the CD issued to the Mortgagor by Luxury Mortgage (including documentation from third parties such as attorneys, title companies, escrow companies, etc.) as well as facilitate its signature. The Broker is also responsible to coordinate a signing or closing date for a Mortgage Loan as well as communicate the timing of a closing with all parties to ensure a smooth and timely closing. The Broker will also be responsible to obtain any remaining Prior to Close and/or Prior to Funding conditions left to ensure timely funding within the rate lock period. Where and when required by Luxury Mortgage, the Broker must use an approved Closing Agent as part of the process. The Closing Agent will be responsible for all functions necessary to consummate the transaction and disburse funds, including the Broker's fees.

SECTION 4.7.1 – NEW YORK LOANS

All loans closed in the state of New York must be closed by a bank attorney approved by Luxury Mortgage. Please contact the Production Analyst for the most current list of approved attorneys.

SECTION 4.7.2 – ALL OTHER STATES

Closing agents must be vetted through Secure Insights, our third party due diligence firm. Luxury Mortgage also maintains an exclusionary list, please contact the Production Analyst to check a specific agent against the list.

SECTION 4.8 – POST-CLOSING

The Broker is expected to comply in a timely manner with any post-closing requirements that may arise as part of any post-closing reviews a Loan Package may undergo.

SECTION 5.0 – PROPERTY & APPRAISAL REQUIREMENTS

SECTION 5.1 – APPRAISAL ORDERING

The Broker is responsible for ordering the appraisal(s) for the file, once all Mortgagor(s) on a Loan Package have executed the disclosures issued by Luxury Mortgage. Brokers must order appraisal(s) through an Appraisal Management Company (AMC) that is approved by Luxury Mortgage and is AIR compliant. Loan Packages with appraisals that do not conform to the following guidance are not eligible for review by Luxury Mortgage. The list of approved AMCs will be provided to each Broker.

Appraisers must meet all industry standards and be state certified. State licensed appraisers and trainees are not permitted. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and FNMA guidelines, including Universal Appraisal Dataset (UAD) requirements. Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Luxury Mortgage reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Luxury Mortgage reviews the appraisal as part of the underwriting process, including a careful review of the report(s) to ensure that the appraiser(s) has appropriately analyzed property value trends and overall market conditions to arrive at the value(s) provided. A Desk Review or Field Review may be required if value is not sufficiently supported. If additional information or a Review Appraisal is required, Luxury Mortgage will notify the Broker. If a Review Appraisal is requested, it must be completed by an AMC chosen for this purpose by Luxury Mortgage. Refer to the Underwriting Guidelines for additional information. Brokers must demonstrate proof the appraisal meets AIR and Fannie Mae LQI requirements.

Refer to the applicable Underwriting Guidelines for the relevant appraisal requirements.

SECTION 5.2 – REQUIRED APPRAISAL REPORTS

The Loan Package must contain an appraisal completed by a state certified Appraiser on the standard Fannie Mae form which is suitable for its property type. Refer to the individual Loan Program requirements to determine if an appraisal is necessary to submit a file for an initial Underwriting Disposition. The following lists the acceptable appraisal forms for property types:

Property Type	FNMA Form
1 family properties & PUDs	#1004
2-4 family properties	#1025
Condominiums	#1073
Cooperatives	#2090
Market conditions addendum	#1004MC

SECTION 6.0 – COMPLIANCE

Luxury Mortgage is committed to complying with all federal, state, and local laws and regulations regarding the origination, underwriting and closing Mortgage Loans as well as any related functions.

SECTION 6.1 – FAIR LENDING POLICY

Luxury Mortgage abides by the requirements of applicable federal, state, and local fair lending laws, including but not limited to the Equal Credit Opportunity Act (“ECOA”) and its implementing regulation, Regulation B and the Fair Housing Act (“FHA”) and its implementing regulations, and New York Executive Law §296-a. Accordingly, Luxury Mortgage will not engage in the conduct of business upon the pretext of discrimination arising out of race or color, national origin, religion or lack thereof, sex, marital status, familial status, age not relating to capacity to contract, handicap, Borrower receipt of income from a public assistance program, or an Borrower good faith exercise of any right arising under the Consumer Credit Protection Act of 1968 (Pub.L 90-321, 82 Stat. 146). It is the responsibility of the Broker to follow all applicable federal, state, and local fair lending laws through the origination process.

SECTION 6.2 – ANTI-PREDATORY LENDING POLICY

Luxury Mortgage does not fund Mortgage Loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as described in Section 32 of Regulation Z (12 CFR 1026.32). In addition, Luxury Mortgage does not fund Mortgage Loans meeting the definition of “residential mortgage transaction”, as defined under the Truth-in-Lending Act (a purchase-money loan secured by Mortgagor’s principal residence), that have either an annual percentage rate (APR) or total points and fees payable by the Mortgagor that exceed the applicable thresholds under HOEPA.

Luxury Mortgage does not fund Mortgage Loans that meet the definition of “high cost,” “high risk,” “covered,” “subprime,” or any similar designation under state or local law, regardless of whether any provision of such state law is preempted by federal law with respect to a particular Loan Package.

Predatory lending, of which the following are illustrative and not necessarily limiting, will not be entertained or condoned:

- Collateral or equity “stripping”
- Inadequate disclosure
- Risky loan terms and structures
- Padding or packing
- Flipping
- Single-premium credit insurance

Unfair, abusive and deceptive acts or practices will not be entertained or condoned.

Additionally, if an individual Loan Program requires additional requirements be met i.e. QM Safe Harbor designation, the most restrictive requirement must be met.

SECTION 6.3 – ANTI-MONEY LAUNDERING

It is the policy of Luxury Mortgage to follow all Anti-Money Laundering laws, including but not limited to the Patriot Act and the Bank Secrecy Act.

SECTION 6.4 – ABILITY TO REPAY/ QUALIFIED MORTGAGE

Luxury Mortgage will only fund Mortgage Loans that meet the CFPB’s requirements under its Ability-to-Repay (ATR) Rule unless exempt by definition, including loans that meet the general ATR requirements and certain Qualified Mortgage Loans with either Safe Harbor or rebuttable presumption liability protection, as prescribed by the applicable regulation.

Each Loan Package delivered for funding to Luxury Mortgage under any Non-QM programs must include the relevant completed Borrower Affirmation Form, which will be included with the closing documents. The Affirmation Form shall have been completed in its entirety by the Mortgagor at closing.

Brokers should pay specific attention to the individual Loan Program for ATR and QM requirements. Where the Guidelines mandate that a loan must meet QM Safe Harbor requirements, there are no exceptions to the requirement.

SECTION 6.5 – FEE POLICY

The Broker must provide Borrowers with all required disclosures, except those which are issued by Luxury Mortgage. Fees charged must be in compliance with all applicable laws and regulations, including those governing permissible fees, maximum fee amounts, timing, and disclosures.

It is Luxury Mortgage's policy to not fund Mortgage Loans that are considered to be a High Cost Loan. Luxury Mortgage runs an audit of the fees charged on the Loan Package as part of the disclosure and closing processes. Luxury Mortgage provides a notification to the Broker if the fees are in excess of the allowable amounts, but any testing performed by Luxury Mortgage does not reduce or eliminate each Broker's obligations under the Agreement in the event there be a subsequent finding that the Mortgage Loan is a High Cost Loan.

Additionally, if an individual Loan Program requires additional requirements be met i.e. QM Safe Harbor designation, the most restrictive requirement must be met.

SECTION 6.6 – QUALITY CONTROL

Luxury Mortgage applies its Quality Control Policy and Procedures to Mortgage Loans originated by Brokers, and reports findings as appropriate to Brokers for their use in prevention of similar occurrences. Luxury Mortgage requires that Brokers have in place and utilize a Quality Control Plan and perform regular reviews to ensure the quality of Mortgage Loans submitted to Luxury Mortgage for underwriting.

If any irregularities or discrepancies are discovered during Luxury Mortgage's routine review, Luxury Mortgage expands the scope of the quality control reviews on Broker's Mortgage Loans to ensure all problem areas are identified.

Luxury Mortgage provides reports to Brokers regarding their performance. Brokers are required to respond to any findings of moderate risk or greater or to any indications of trends toward risk findings. Brokers must investigate and respond with what corrective actions will be taken. Serious issues with quality and/or material findings trends or failure to respond to the report findings can result in Luxury Mortgage taking remedial action, up to and including termination of the Broker's approval with Luxury Mortgage.

SECTION 6.7 – PREPAYMENT PENALTY

If required per a specific Loan Program, Luxury Mortgage will place a prepayment penalty on Mortgage Loans secured against investment properties, where permitted by state law. The specific requirements of the prepayment penalty may be located in the Underwriting Guidelines.

SECTION 6.8 – STATE SPECIFIC REQUIREMENTS AND LICENSING

The Broker must meet all licensing/registration requirements for the state where the Mortgaged Property is located. Furthermore, Brokers must ensure continued compliance and licensing/registration requirements on an ongoing basis.

Various states and some local municipalities have passed laws regarding mortgage lending activities. Brokers must follow all the laws in effect where the Mortgaged Property is located, and are responsible for all required documentation related to state-specific requirements.

SECTION 6.9 – CHANGES IN DOCUMENTATION TYPE

It is Luxury Mortgage's policy to evaluate each Applicant's Loan Package based on their documented Ability to Repay as defined within 12 CFR 1026.43 for purposes of making credit decisions. Luxury Mortgage considers Loan Packages on varying levels of documentation used to determine the appropriate amount of income an Applicant receives in its various Loan Programs. To that end, Luxury

Mortgage prohibits Brokers from submitting a loan under a certain Loan Program and then switching the Loan Program to one with a lower documentation type if the Applicant is determined not to qualify under the originally program's Guidelines. Luxury Mortgage will consider exceptions to the policy in its sole discretion.

SECTION 6.10 – THIRD PARTY PROCESSORS

Where approved by Luxury Mortgage as part of a Broker's approval, Luxury Mortgage will permit the use of a third party processor for Loan Packages submitted by the Broker.

Processing fees paid to a bona-fide third party processing company or to a third party independent processor will not be considered originator compensation and will be excluded from the Qualified Mortgage (QM) points and fees test so long as the following requirements are met:

Third Party Processing Company (not affiliated with Broker/Broker Company):

- The processing company is not affiliated with the Broker Company (i.e., cannot show as "authorized to represent" for the Broker on the NMLS)
- The processing company must be properly licensed and registered with the NMLS to perform processing services, if required by the state where the subject property is located
- If the state where the subject property is located does not require the processing company to be licensed and registered, only the individual contract processor must be properly licensed and registered with the NMLS to perform processing services
- The processing company provides processing services only in the states in which they hold an active license.

Third Party Independent Processor (not affiliated with Broker/Broker Company):

- The independent processor is an employee of a licensed Processing Company or an independent processor with their own NMLS number
- The processor provides processing services only in the states in which they hold an active license.
- The processor is not affiliated with the Broker Company
- The processor is not shown as "authorized to represent" for the Broker on the NMLS (see below for exception policy/process)

Applies to Both:

- State Statute does not prohibit charging a consumer a contract processing fee in addition to origination fee(s)
- The third party processing fee is properly disclosed in Section B/Services the Borrower Did Not Shop For on the Loan Estimate
- The third party processing fee is paid directly to the third party processor or the third party processing company.
- The third party processing fee is bona fide and reasonable
- A copy of the invoice is retained in the loan file and the fee amount matches the amount on the Loan Estimate and Closing Disclosure. This invoice must identify the processing company name, address, borrower name, amount of the third party processing fee, and which services are being performed on the loan. The form is required for all loan types and must be provided at the time of loan submission

Third Party Processing Company or Independent Processor (affiliated with Broker/Broker Company):

- Occasionally a third party processor may be listed in the NMLS as "authorized to represent" for the Broker Company on the NMLS. If the third party processor is licensed as a Loan Originator for the Broker Company and licensed as processor, either for a processing company or as an independent processor, the processor must provide Luxury with a written explanation to confirm their relationship with the Broker Company

- A third party processor cannot be both a Loan Originator and a processor for the same transaction
- Once confirmed, Operations will code them as a contract processor and put them on license monitoring
- If the contract processing fee is paid to either Luxury or the Broker:
 - The third party processing fee will be considered originator compensation and will NOT be excluded from the QM points and fees test
 - The third party processing fee must be disclosed in Section A/Origination Fee, on the Loan Estimate and Closing Disclosure

Broker Affiliated Processing Fees may be itemized on transactions that are closing with Borrower-Paid Compensation so long as the fee is included in the QM Points & Fees calculation AND the total of the Affiliated Processing Fee and Borrower-Paid Compensation does not exceed the total permitted Borrower Paid Compensation for the Broker.

SECTION 7.0 – REPRESENTATIONS AND WARRANTIES

The representations and warranties made by the Broker in the Agreement are restated here. By submitting a Loan Package to Luxury Mortgage, the Broker agrees to be bound by them.

APPENDIX A: DEFINITIONS

The following is a list of defined terms contained within the Guide. Any defined terms contained therein which are not addressed within this list can be located within the Agreement.

- Clear to Close: An Underwriting Disposition which does not reflect any open prior to closing conditions.
- Extension Fees: Any fees that the Broker incurs for extending an existing Rate Lock beyond the current Lock Expiration.
- Loan Package: The file submitted by the Broker to Luxury Mortgage, which includes all necessary disclosures and documents as required by the Underwriting Guidelines, this Guide, and applicable regulation.
- Loan Program: An individual program offered by Luxury Mortgage, whose requirements and procedures are described within its respective Guidelines.
- Lock Confirmation: The written terms of the Rate Lock that are posted to the TPO Website which will memorialize the terms of the Rate Lock.
- Lock Expiration: The date the Borrower's Rate Lock expires.
- Material Adverse Change: (a) A material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Broker or any of its affiliates taken as a whole; (b) a material impairment of the ability of the Broker to perform under the Agreement or any related agreements; (c) a material adverse effect upon the legality, validity, binding effect or enforceability of the Agreement against the Broker; or (d) a material adverse effect upon the value or marketability of a material portion of the Mortgage Loans funded hereunder.
- Mortgage Loan: Each individual loan submitted by the Broker that is the subject of the Agreement.
- Mortgaged Property: The Mortgagor's real property securing repayment of a related Mortgage Loan.
- Mortgagor: The Borrower for whom a Loan Package is submitted, who will be an obligor on a Mortgage Loan.
- New Loan Submission Checklist: The list of documents which must be included when a Loan Package is submitted for underwriting review.
- Rate Sheet: The rates which will be published and distributed daily by Luxury Mortgage to approved Brokers.
- Underwriting Disposition: The document issued by Luxury Mortgage indicating the underwriting decision on the file along with any conditions which need to be cleared.

APPENDIX B: MORTGAGEE CLAUSE

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