

Simple Access® –Foreign Nationals

Program Description – Loans to Qualified Foreign National Borrowers

Luxury Mortgage Corp. offers loans to foreign national borrowers utilizing either liquid assets or 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 \$3MM
- Interest only available with no reduction to LTV
- Multiple qualification options
- No US credit score or history required
- Second homes and investment properties eligible
- 7/6 and 10/6 ARM, 15 and 30 FRM
- Non-warrantable condos may be considered

Eligibility Types

Applicants	Eligible Foreign Nationals- <u>see Underwriting Guidelines</u>
Visa Requirements	Must be able to legally enter the US, no defined length of stay required
Eligible Occupancy	Second Homes 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
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: No limit for LTVs up to 65, \$500k for LTVs above 65 • Value to be utilized must be supported-<u>see Underwriting Guidelines</u>

Credit Requirements

Trade Lines/Credit	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.
Credit Score	No US credit score required, but if one available it must be utilized in underwriting and pricing.

Housing Payment History	<p>Housing payment history no greater than 0x30x12 and 0x60x24 for all US mortgages/rental verifications-<u>see Underwriting Guidelines</u>. Foreign mortgage and rental references do not need to be verified.</p> <p>First Time Home Buyer (FTHB) For standard Foreign National guideline eligibility.</p>
Significant Credit Events	<p>Applicants with any of the following major credit events in the US (bankruptcy, foreclosure, short sale, modification, short pay, deed in lieu, 120+ day mortgage late, pre-foreclosure including Notice of Default and Lis Pendens) in the most recent four year period measured from event completion date or discharge/dismissal date to application date are not eligible.</p> <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 six month satisfactory payment history, include payment in DTI, 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	
Qualification Methods	<p>Borrowers may be qualified utilizing one of the following two methods:</p> <p>Method One Asset Qualification Utilize liquid assets in the borrower's possession to qualify. Assets utilized must be those which are either liquid or can be liquidated without restriction. Post-closing assets must total the 120% of the subject loan amount and 30% of the balance of all other outstanding debt in the US (mortgage and consumer). Foreign liabilities do not need to be considered. Assets must either be held in an <i>Acceptable Institution</i> (<u>see Underwriting Guidelines</u>) or moved to the US prior to closing. Borrower must provide a six month history on any assets being utilized.</p> <p>Method Two Debt Service Coverage Ratio (DSCR)-INVESTMENT PROPERTIES ONLY 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. The borrower must be able to document a 12 month history of managing rental properties.</p> <p>Determination of Rents (Method Two) Purchase: 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.</p> <p>Refinance: Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, Applicant must provide leases in place. 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 six months after the note date and the two months of rents due prior to the application date are documented as received timely. If vacant, 100% market rents may be utilized.</p>
Asset Accounts	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 80% of face value of for marketable securities • Use 70% of retirement assets if borrower is under 59.5, 80% if over • If borrower is liquidating funds from non-retirement sources, document liquidation and end balance • If borrower is liquidating from retirement accounts, document the liquidation and end balance • 1031 exchanges eligible for investment properties-<u>see Underwriting Guidelines</u> • Cash out proceeds may be used to meet the reserve requirement • Funds for closing (and reserves, unless held in an <i>Approved Institution</i>) must be moved to the US prior to closing and documented-<u>See Underwriting Guidelines</u>
Gifted Funds	<ul style="list-style-type: none"> • Gift funds are allowed for funds to close. A 5% contribution from Applicant's own funds is required.

	<ul style="list-style-type: none"> • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-see <u>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 (Method One Only)	
Foreign Liabilities	Foreign liabilities do not need to be counted. The only liabilities that need to be addressed as described in this section are US liabilities.
Alimony/Child Support	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.
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 DTI provided the asset balance exceeds the loan balance.
Other Highlights	
Appraisal / Valuation	<ul style="list-style-type: none"> • Loan amount up to \$2MM, one appraisal required • Loan amount over \$2MM, two appraisals required <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.</p> <ul style="list-style-type: none"> • <u>Purchase</u>: lesser of purchase price or appraised value • <u>Refinance (all types)</u>: For properties owned less than 12 months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance not greater than 10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value. Properties located in counties listed on the second bullet in <u>Geographic Eligibility</u> must utilize the lesser of the current value or the purchase price plus documented costs for improvements to price or underwrite on refinances of properties owned less than 12 months as of the application date.
Geographic Eligibility	<p>The following states are eligible: AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IL (no IO loans), LA, MA, MD, ME, MI, MN, NH, NC, NJ, NM, NY, OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI, WY</p> <p>Restrictions:</p> <ul style="list-style-type: none"> • Texas CO Refinances-see <u>Underwriting Guidelines</u> • New York, Bronx, Queens, Kings, and Richmond counties (NY), Essex County (NJ), San Francisco County (CA)-see limitations above on value utilized for refinances
Reserve Requirement (Method Two only)	Loan amount up to \$3MM: 12 months 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> • Limited Liability Corporations-see <u>Underwriting Guidelines</u> • Corporations/Partnership-see <u>Underwriting Guidelines</u>
ARM Terms & Qualifying	<p>ARM Features:</p> <ul style="list-style-type: none"> • Margin = 4.250% • Index = 30 Day Average of SOFR

(Method One Asset Qualifier)	<ul style="list-style-type: none"> • Caps = 2/1/5 • Floor rate = Note Rate <p>Qualifying Determination</p> <ul style="list-style-type: none"> • Fixed Rate: Utilize the start rate over the full term of the loan • 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, with a payment calculated based on the amortizing term of the loan after the end of the IO period.
ARM Terms & Qualifying (Method Two DSCR)	<p>ARM Features</p> <ul style="list-style-type: none"> • Margin = 4.500% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor rate = Note Rate <p>Qualifying Determinations</p> <ul style="list-style-type: none"> • Fixed Rate: Utilize the start rate over the full term of the loan • Amortizing ARM: Utilize the start rate over the full term of the loan • FRM/ARM with IO Feature: Utilize the start rate amortized over a 30 year term
Prepayment Penalty	<p>Prepayment penalties may be placed on investment properties 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 Underwriting Guidelines for requirements. Price implications apply for prepayment penalty terms less than three years, including no prepayment penalty.</p>
Min/Max Loan Amounts	<p>Minimum: \$200,000 Maximum: \$3MM (Purchase/Rate and Term Refinance), \$2.5MM (Cash Out Refinance)</p>
Escrow/Impound Requirements	<p>All loans must escrow/impound for real estate taxes and all insurance</p>
ACH Requirement	<p>All loans must have an ACH set up from a US Bank account funded with at least one months' PITIA prior to closing.</p>

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE

Foreign National

FICO	LTV	CLV	Loan Amount
680	70%	70%	\$ 3,000,000
	75%*	75%*	\$ 2,000,000
660	70%	70%	\$ 2,000,000
	75%*	75%*	\$ 1,000,000
620	60%	60%	\$ 2,000,000
	65%	65%	\$ 1,000,000

*>70 LTV Purchase Only

If no US FICO, use 680 for guideline purposes

CASH-OUT REFINANCE

Foreign National

FICO	LTV	CLV	Loan Amount
680	65%	65%	\$ 2,500,000
	70%	70%	\$ 2,000,000
660	65%	65%	\$ 2,000,000
	70%	70%	\$ 1,000,000
620	60%	60%	\$ 2,000,000
	65%	65%	\$ 1,000,000

If no US FICO, use 680 for guideline purposes

Max CO Proceeds: No limit up to 65 LTV, \$500k over 65 LTV