Luxury Mortgage Corp.®

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 $4MM
- Interest only available with 30 or 40 year term
- DTI up to 55 allowed
- Credit scores down to 620
- Recent Credit Events Allowed
- All occupancy types allowed
- 5/6, 7/6, and 10/6 ARM, 15, 30, and 40 FRM (40 year term IO only)
- Multiple financed properties allowed
- Non-Warrantable Condos may be considered

Eligibility Types

Applicants	• 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-see Housing Payment History guideline below • Non-Occupant Co-Applicants-see Underwriting Guidelines
Eligible Occupancy	Primary, Second Home, and Investment Properties
Property Types	• 1-4 unit attached and detached properties • Warrantable Condos • Non-Warrantable Condos allowed with a pricing adjustment-see Underwriting Guidelines (max 80 LTV) • PUDs • Mixed use properties-see Underwriting Guidelines
Eligible Transactions	**Purchase**, including non-arm's length transactions-see Underwriting Guidelines **Rate and Term Refinance** • 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 **Cash-Out Refinance** • Refinances which do not fit into the rate and term guidelines are deemed to be cash out • No seasoning required for cash out refinances, however properties owned less than six months as of the application date are subject to restrictions. See Underwriting Guidelines. • After 6 months follow standard underwriting guidelines • No limit to maximum cash out allowed up to 75 LTV, max $500k over 75 LTV • Value to be utilized must be supported-see Underwriting Guidelines

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 Underwriting Guidelines for more details and alternatives.
Credit Score	• Credit scores allowed down to 620, subject to loan amount and LTV restrictions • Use middle score of the primary income earner for pricing and guideline purposes
Housing Payment History	Housing payment history no greater than 1x30x12 for all mortgages/rental verifications. Note that 1x30x12 may carry a pricing adjustment. **First Time Home Buyer (FTHB)** 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. Those who cannot allowed with max 80 LTV, a minimum 10% Applicant contribution, primary residences or second homes only.

Significant Credit Events	Applicants with any of the following major credit events (bankruptcy, foreclosure, modification, short sale, short pay, deed in lieu, and 120+ day mortgage late are subject to the below requirements, measured from event completion or discharge/dismissal date to application date:
	• 0-2 years removed: Max 70 LTV
	• 2-4 years removed: Max 75 LTV
	• >4 years removed: Standard Guidelines
	Additional Guidelines:
	• Active NOD or Lis Pendens not allowed. An historic NOD or Lis Pendens is not against guidelines, however the underlying event will be evaluated against the Significant Credit Event and Housing Payment History requirements guidelines.
	• Judgment/Tax Lien: Must meet one of the following:
	  ○ Paid off prior to or at closing, or
	  ○ Show 6 month satisfactory payment history, include payment in DTI, subordinate if recorded
	• Collections/Charge-Offs: May be excluded if individually less than $2,500 or in aggregate less than $10,000. Any that are greater which may affect title must be paid off prior to or at closing. Medical collections are excluded from this requirement regardless of amount.

Income and Assets	

DTI	• Maximum DTI: 50.000
	• DTI may be increased to 55.000 with the following:
	  ○ Min FICO: 680
	  ○ Max LTV: 70
	  ○ Eligible Transactions: Purchase or Rate and Term Refinance
	  ○ Minimum Residual Income: greater of .5% of the loan amount or $2k. Increased requirement may be waived with an additional 6 months PITIA reserves.

Documentation Requirements (Salaried Applicant)	**Documentation Requirements** 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 120 calendar days of funding. **Qualification:** • 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. • LMC reserves right to request tax returns in its sole discretion. • 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. • Stock options: Stock options may be used as qualifying income. Applicant must have a two year history of receipt and exercise.

Documentation Requirements (Self-Employed Applicant)	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 120 calendar days of funding may be required. See Underwriting Guidelines for additional information.
Other Income Sources	**Asset Distribution** 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 within 120 days of the note date. Retirement accounts are ineligible if Applicant is under 59.5-see Underwriting Guidelines **Passive Asset Utilization** Applicants may supplement income disclosed via traditional sources by depleting assets available over a 10 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 within 120 days of the note date. To meet asset requirements up to 10% of assets utilized may come from cash out proceeds. Standard asset haircuts are utilized-see Underwriting Guidelines. **Rental Income:** **Method 1 | Tax Returns** 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. **Method 2 | Lease** 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. **Other Sources** Document most recent 1-2 years receipt on tax returns and supporting tax documentation, current receipt, and expectation of at least three years' continuance

Asset Accounts	• Use 100% of cash and cash equivalents
	• Use 80% of face value for marketable securities
	• Use 70% of retirement assets if Applicant is under 59.5, 80% if over
	• 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 Underwriting Guidelines
	• 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:
	  ○ 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 underwriter's to document that the withdrawal will have no adverse impact-see Underwriting Guidelines
	• Cash out proceeds MAY be used to meet the reserve requirement at a maximum 75 LTV

Gifted Funds	• Gift funds are allowed for funds to close. A 5% contribution from Applicant's own funds is required except for loan sizes >$3MM in which case no gifted funds are allowed. No Applicant minimum contribution is required for primary residences with LTVs <=80, except where otherwise specified. • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-see Underwriting Guidelines.

	• 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 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	• Loan amount up to $2MM, **one** appraisal required • Loan amount over $2MM, **two** appraisals required All appraisals are subject to underwriting review and acceptance. Loan amounts >$1.5MM and up to $2MM may not utilize a CU score in lieu of a CDA. Additional appraisal due diligence may be required at the discretion of underwriting. • Purchase: lesser of purchase price or appraised value • Refinance (all types): For cash out refinances where the property is owned less than six months as of the application date, lesser of purchase price or appraised value must be utilized. For all other transactions where the property is 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.
Geographic Eligibility	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 (no NY subprime), OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI, WY. Restrictions: • TX CO Refinances-IO not allowed on 50(a)(6) transactions-see Underwriting Guidelines for additional restrictions
Reserve Requirement	• Loan amount up to $1.5MM: 6 months PITIA • Loan amount above $1.5MM and up to $2MM: 9 months PITIA • Loan amount above $2MM and up to $4MM: 12 months PITIA • LTV >85: additional 3 months PITIA • DTI >50 and increased residual income requirement not met: additional 6 months PITIA • Other real estate owned: 2 months of each property's PITIA-See Underwriting Guidelines for an alternative
Title Vesting	• Individual names as joint tenants, community property, or tenants in common • Living trusts meeting FNMA's requirements • Blind Trusts-see Underwriting Guidelines • Limited Liability Corporations-see Underwriting Guidelines • Partnerships/Corporations-see Underwriting Guidelines
ARM Terms	• Margin = 4.000% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor Rate = Note Rate • Adjustment Period = 6 Months
Interest Only	Interest Only features are allowed on ARMs and FRMs. The IO period is 10 years. Standard guidelines apply. 40 year term loan: max 80 LTV and is not eligible on 5/6 ARM

Qualifying Payment	To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified): • 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, with a payment calculated based on the amortizing term of the loan after the end of the IO period.
Prepayment Penalty	Prepayment penalties may be placed on investment properties for a period of at least one year in an amount equal to three 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.
Mortgage Insurance	Not required
Min/Max Loan Amounts	Minimum: $150,000 Maximum: $4MM (Purchase/Rate and Term Refinance), $2.5MM (Cash Out Refinance)

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE — Primary Residence

FICO	LTV*	CLTV*	Loan Amount	DTI**
720	70%	70%	$ 4,000,000	50
	75%	75%	$ 3,500,000	50
	80%	80%	$ 3,000,000	50
	90%	90%	$ 1,500,000	50
680	60%	60%	$ 4,000,000	50
	65%	65%	$ 3,500,000	50
	75%	75%	$ 3,000,000	50
	85%	85%	$ 2,000,000	50
660	70%	70%	$ 3,000,000	50
	80%	80%	$ 2,000,000	50
	90%	90%	$ 1,000,000	50
640	70%	70%	$ 2,000,000	50
620	65%	65%	$ 2,000,000	50
	75%	75%	$ 1,000,000	50

PURCHASE/RATE & TERM REFINANCE — Second Home

FICO	LTV	CLTV	Loan Amount	DTI**
720	65%	65%	$ 4,000,000	50
	70%	70%	$ 3,500,000	50
	75%	75%	$ 3,000,000	50
680	50%	50%	$ 4,000,000	50
	60%	60%	$ 3,500,000	50
	70%	70%	$ 3,000,000	50
	80%	80%	$ 2,000,000	50
660	65%	65%	$ 3,000,000	50
	70%	70%	$ 2,000,000	50
	75%	75%	$ 1,000,000	50
620	60%	60%	$ 2,000,000	50
	65%	65%	$ 1,000,000	50

PURCHASE/RATE & TERM REFINANCE — Investment Property

FICO	LTV	CLTV	Loan Amount	DTI**
720	65%	65%	$ 4,000,000	50
	70%	70%	$ 3,500,000	50
	75%	75%	$ 3,000,000	50
680	50%	50%	$ 4,000,000	50
	60%	60%	$ 3,500,000	50
	70%	70%	$ 3,000,000	50
	80%	80%	$ 2,000,000	50
660	65%	65%	$ 3,000,000	50
	70%	70%	$ 2,000,000	50
	75%	75%	$ 1,000,000	50
620	60%	60%	$ 2,000,000	50
	65%	65%	$ 1,000,000	50

*Rate and Term Refi: Max 85 LTV

**DTI may be increased to 55 with specified compensating factors-see Underwriting Guidelines

CASH-OUT REFINANCE — Primary Residence

FICO	LTV	CLTV	Loan Amount	DTI
720	70%	70%	$ 2,500,000	50
	75%	75%	$ 2,000,000	50
680	65%	65%	$ 2,500,000	50
	70%	70%	$ 2,000,000	50
	75%	75%	$ 1,000,000	50
660	65%	65%	$ 2,000,000	50
	70%	70%	$ 1,000,000	50
620	60%	60%	$ 2,000,000	50
	65%	65%	$ 1,000,000	50

CASH-OUT REFINANCE — Second Home

FICO	LTV	CLTV	Loan Amount	DTI
720	70%	70%	$ 2,500,000	50
	75%	75%	$ 2,000,000	50
680	65%	65%	$ 2,500,000	50
	70%	70%	$ 2,000,000	50
	75%	75%	$ 1,000,000	50
660	65%	65%	$ 2,000,000	50
	70%	70%	$ 1,000,000	50
620	60%	60%	$ 2,000,000	50
	65%	65%	$ 1,000,000	50

CASH-OUT REFINANCE — Investment Property

FICO	LTV	CLTV	Loan Amount	DTI
720	70%	70%	$ 2,500,000	50
	75%	75%	$ 2,000,000	50
680	65%	65%	$ 2,500,000	50
	70%	70%	$ 2,000,000	50
	75%	75%	$ 1,000,000	50
660	65%	65%	$ 2,000,000	50
	70%	70%	$ 1,000,000	50
620	60%	60%	$ 2,000,000	50
	65%	65%	$ 1,000,000	50

Max CO Proceeds: No limit up to 75 LTV, $500k over 75 LTV