

## Simple Access® – Asset Qualifier

### Program Description – Substantial Liquid Assets as an Alternate Qualification Method

Luxury Mortgage Corp. offers loans to Applicants utilizing accumulated liquid assets as a basis for qualification rather than through traditional income documentation. Loans in this program must meet ATR as defined in section 1026.43. 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 available with 30 or 40 year term
- No income documentation necessary
- 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

<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-<u>see Housing Payment History guideline below</u></li> <li>• Non-Occupant Co-Applicants-<u>see Underwriting Guidelines</u></li> </ul>
<b>Ineligible Applicants</b>	<ul style="list-style-type: none"> <li>• Irrevocable Trust</li> <li>• Diplomatic immunity</li> <li>• Applicants with any ownership in a business that is Federally illegal, regardless of if the income is not being used for qualifying may be considered on exception basis</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-<u>see Underwriting Guidelines for permissible NW features (max 70 LTV)</u></li> <li>• PUDs</li> </ul>
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Mixed use properties</li> <li>• Properties with more than 10 acres</li> <li>• <u>See Underwriting Guidelines for full list of unacceptable property types</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 &gt; \$5,000 in 12 months preceding application date unless the second was used in full to purchase the property</li> <li>• Buyout accompanied by an executed buyout agreement</li> <li>• If loan being paid off was closed in the 12 months preceding the application date and was a cash out transaction, the loan will be treated as cash out.</li> <li>• Recoupment of funds expended to purchase a property acquired for cash within the 6 months prior to application date is considered to be a Technical Refinance:             <ul style="list-style-type: none"> <li>○ Recoupment of gift funds is not allowed under this guideline.</li> <li>○ Cash out may not exceed Applicant's documented investment</li> <li>○ See Underwriting Guidelines for additional details and limitations</li> </ul> </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>• A refinance of a loan which was a cash out in the preceding 12 months will be considered a cash out refinance</li> <li>• Six months title seasoning required for cash out refinances.</li> <li>• No limit to maximum cash out with LTV up to 70, \$500K for LTV above 70</li> <li>• Value to be utilized must be supported-see Underwriting Guidelines</li> </ul>
<b>Credit Requirements</b>	
<b>Trade Lines</b>	<p>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.</p>
<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 the lowest middle score for pricing and guideline purposes. In the case of multiple Applicants where one Applicant solely provides at least 75% of the funds being utilized to meet the transaction's total requirements, utilize their middle score.</li> </ul>
<b>Housing Payment History</b>	<p>Housing payment history no greater than 1x30x12 for all mortgages/rental verifications. Note that 1x30x12 may carry a pricing adjustment and is limited to max 80 CLTV.</p> <p><b>First Time Home Buyer (FTHB)</b></p> <p>For standard guideline eligibility, Applicant 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. Payment shock generally may not exceed 350% when DTI &gt;43, however the limit may be exceeded with 3 months additional reserves or an LTV &lt;=70.</p> <p>Applicants who cannot document an acceptable rent payment history as described above are allowed on primary residence transactions at a maximum 80 LTV. The payment shock guideline does not apply. Gifted funds are allowed up to 70 LTV and when gifted funds are used the Applicant must contribute 10% of the purchase price from own funds.</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, and 120 day or greater mortgage late) are subject to the below requirements, measured from event completion date or discharge/dismissal to application date:</p> <p>Credit Event other than a Foreclosure:</p> <ul style="list-style-type: none"> <li>• 0-2 years removed: Not Eligible</li> <li>• 2-4 years removed: Max 75 LTV, max \$1.5MM loan size</li> <li>• &gt;4 years removed: Standard Guidelines</li> </ul> <p>Foreclosure:</p> <ul style="list-style-type: none"> <li>• 0-3 years removed: Not Eligible</li> <li>• 3-4 years removed: Max 70 LTV, max \$1.5MM loan size</li> <li>• &gt;4 years removed: Standard Guidelines</li> </ul> <p>Additional Requirements</p> <ul style="list-style-type: none"> <li>• 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.</li> <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 debt service (to the extent required by guidelines), subordinate if recorded</li> </ul> </li> <li>• 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.</li> </ul>

Income and Assets	
<b>DTI</b>	No DTI is developed for this product. Qualification is based on assets only. Each file must meet a residual income test. Residual income is calculated based on qualifying assets divided over 48 months less monthly obligations. The residual income of the file must meet requirements- <a href="#">see Underwriting Guidelines</a>
<b>Documentation Requirements</b>	The following are required: <ul style="list-style-type: none"> <li>• Six months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. Balances must be verified within 120 days of the note date</li> <li>• Two months of statements for accounts which are being used solely for funds to close.</li> </ul>
<b>Calculation Method</b>	<p>Qualification is determined solely based on the Applicant's liquid assets and assets that they can liquidate without restriction.</p> <p><b>Method 1   Mortgage Only</b> Total post-closing assets must meet 125% of the outstanding mortgage debt for which the Applicant has personal liability, including the proposed mortgage(s) on the subject property.</p> <p><b>Method 2   Simplified</b> Total post-closing assets must meet 110% of the proposed mortgage(s) on the subject property plus 25% of all other outstanding debt (mortgage and consumer).</p> <p><b>Method 3   Traditional</b> Total post-closing assets must meet the sum of the below: <ul style="list-style-type: none"> <li>• 100% of loan amount</li> <li>• 36 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income)</li> <li>• 36 months of net rental losses on rental properties (do not include subject property's PITIA)</li> </ul> </p> <p><b>Rental Calculation (Method 3 Only)</b> Rental properties are counted on a net basis based on 75% of lease less PITIA to determine impact on debt service. Net rent can never exceed \$0 for determining impact. For example, a property with a lease of \$1,600 and PITIA of \$1,500 would have a \$300 per month added to debt service (<math>\\$1,600 * 75\% - \\$1,500 = \\$300</math>).</p> <p><b>Asset Calculations (All Methods)</b> Assets are determined based on the below calculation: <ul style="list-style-type: none"> <li>• Cash and cash equivalents: 100% of face value</li> <li>• Marketable securities (excludes unvested RSUs and Stock options): 80%</li> <li>• Retirement funds: 70% unless if Applicant is of retirement age, then use 80%. If utilizing retirement account, document Applicant's ability to access the funds.</li> <li>• Cash surrender value of life insurance/annuity: 100%</li> <li>• <b>Cryptocurrency: 100% if liquidated</b></li> <li>• To meet asset requirements up to 10% of the assets utilized may come from cash out proceeds</li> </ul> </p> <p>The balance of any loans secured against financial assets being used for asset qualification will be netted against the asset's value before application of the discount.</p>
<b>Asset Accounts</b>	<ul style="list-style-type: none"> <li>• See above requirements for utilizing cash, marketable securities, and retirement funds as funds to close, post-closing reserves, and asset qualification</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 Underwriting Guidelines for more detail.</li> <li>• Business funds may be used for funds to close provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount 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</li> </ul> </li> </ul>

	<p>Analysis to document that the withdrawal will have no adverse impact-<a href="#">see Underwriting Guidelines</a></p> <ul style="list-style-type: none"> <li>• Cash out proceeds NOT be used to meet the reserve requirement</li> <li>• Eligible cryptocurrency may be used but requires liquidation of proceeds for reserves or funds to close. <a href="#">See Underwriting Guidelines</a> for allowable types of cryptocurrency and requirements</li> <li>• Technical Refinance funds can be used as eligible assets and maximum cash out limits do not apply</li> </ul>
<b>Gifted Funds</b>	Gift funds are <b>not</b> allowed.
<b>Liabilities</b>	
<b>Alimony/Child Support</b>	Alimony and child support are included part of the Applicant's debt service.
<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 debt service provided the asset balance exceeds the loan balance.
<b>Other Highlights</b>	
<b>Appraisal / Valuation</b>	<p><b>Purchases:</b></p> <ul style="list-style-type: none"> <li>• Loan amount up to \$2MM, one appraisal required</li> <li>• Loan amount over \$2MM, two appraisals required</li> </ul> <p><b>Refinances:</b></p> <ul style="list-style-type: none"> <li>• Loan amount up to \$1.5MM, <b>one</b> appraisal required</li> <li>• Loan amount from \$1.5MM to \$2MM with <math>\leq 70</math> LTV, <b>one</b> appraisal required</li> <li>• Loan amount from \$1.5MM to \$2MM with <math>&gt; 70</math> LTV, <b>two</b> appraisal required</li> <li>• Loan amount over \$2MM, <b>two</b> appraisals required</li> </ul> <p>All appraisals are subject to underwriting review and acceptance. Loan amounts <math>&gt; \\$1.5MM</math> and up to \$2MM may not utilize a CU score in lieu of a CDA. <b>CDA is required if LTV<math>&gt;80</math> regardless of CU score.</b> 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>: For all transactions where the property is owned less than 12 months as of the application date, use the 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), 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.</p> <p>Restrictions:</p> <ul style="list-style-type: none"> <li>• Texas CO Refinances-IO not allowed on 50(a)(6) transactions-<a href="#">see Underwriting Guidelines</a> for additional restrictions</li> <li>• Puerto Rico is not eligible at this time</li> </ul>
<b>Reserves Required</b>	No reserves needed apart from the post-closing liquidity outlined in <a href="#">Calculation Method</a> above.
<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-<a href="#">see Underwriting Guidelines</a> for requirements</li> <li>• Limited Liability Corporations-<a href="#">see Underwriting Guidelines</a> for requirements</li> <li>• Partnerships/Corporations-<a href="#">see Underwriting Guidelines</a></li> </ul>

<b>ARM Terms</b>	<ul style="list-style-type: none"> <li>• Margin = 4.250%</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. <b>Maximum LTV of 80 and min FICO of 680 for a loan with an IO features.</b> 40 year term: is not eligible on 5/6 ARM
<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 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, with a payment calculated based on the amortizing term of the loan after the end of the IO period.</li> </ul>
<b>Prepayment Penalty</b>	<b>Prepayment penalties may be placed on investment properties where allowed by state and federal law. Prepayment penalty terms are available for terms of 1 to 5 years, with pricing implications applying based on length of prepayment penalty selected. The current prepay structure is as follows.</b> 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. <b>A declining prepayment structure may be available, please reach out to Luxury Mortgage for details.</b>
<b>Mortgage Insurance</b>	Not required
<b>Min/Max Loan Amounts</b>	Minimum: \$150,000 Maximum: \$3MM (Purchase/Rate and Term Refinance), \$2.5MM (Cash Out Refinance)

**LTV and Loan Amount Requirements**

PURCHASE/RATE & TERM REFINANCE											
Primary Residence				Second Home				Investment Property			
FICO	LTV*	CLTV*	Loan Amount	FICO	LTV	CLTV	Loan Amount	FICO	LTV	CLTV	Loan Amount
720	80%	80%	\$ 3,000,000	720	75%	75%	\$ 2,500,000	720	75%	75%	\$ 2,500,000
	85%	85%	\$ 1,500,000		70%	70%	\$ 2,500,000		70%	70%	\$ 2,500,000
700	75%	75%	\$ 3,000,000	680	80%	80%	\$ 2,000,000	680	80%	80%	\$ 2,000,000
	85%	85%	\$ 1,500,000		70%	70%	\$ 2,000,000		70%	70%	\$ 2,000,000
680	75%	75%	\$ 2,500,000	660	75%	75%	\$ 1,000,000	660	75%	75%	\$ 1,000,000
	80%	80%	\$ 2,000,000		60%	60%	\$ 1,500,000		60%	60%	\$ 1,500,000
660	80%	80%	\$ 1,500,000	640	65%	65%	\$ 1,000,000	640	65%	65%	\$ 1,000,000
640	70%	70%	\$ 2,000,000								
620	65%	65%	\$ 1,500,000								
	75%	75%	\$ 1,000,000								

\*Rate and Term Refi: Max 80 LTV

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

CASH-OUT REFINANCE											
Primary Residence				Second Home				Investment Property			
FICO	LTV	CLTV	Loan Amount	FICO	LTV	CLTV	Loan Amount	FICO	LTV	CLTV	Loan Amount
720	70%	70%	\$ 2,500,000	720	75%	75%	\$ 2,000,000	720	75%	75%	\$ 2,000,000
	75%	75%	\$ 2,000,000		65%	65%	\$ 2,500,000		65%	65%	\$ 2,500,000
680	65%	65%	\$ 2,500,000	680	70%	70%	\$ 2,000,000	680	70%	70%	\$ 2,000,000
	70%	70%	\$ 2,000,000		75%	75%	\$ 1,000,000		75%	75%	\$ 1,000,000
	75%	75%	\$ 1,000,000		65%	65%	\$ 2,000,000		65%	65%	\$ 2,000,000
660	65%	65%	\$ 2,000,000	660	70%	70%	\$ 1,000,000	660	70%	70%	\$ 1,000,000
	70%	70%	\$ 1,000,000		640	65%	65%		\$ 1,000,000	640	65%
620	60%	60%	\$ 1,500,000								
	65%	65%	\$ 1,000,000								

Max CO Proceeds: No limit up to 70 LTV, \$500k above 70 LTV