

Simple Access® – Investor Cash Flow

Program Description – Qualify Based on the Subject Property Only

Luxury Mortgage Corp. offers loans to Applicants utilizing solely the rental income on subject investment properties to determine cash flow. Loans in this program are deemed as exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans. This program is designed for Applicants who are sound credit risks based on a common sense approach to underwriting.

Highlights include the following:

- Loan amounts up to **\$3.5MM**
- Interest only feature available with no reduction to LTV
- No DTI developed or employment verified
- Credit scores down to **620**
- 7/6 and 10/6 ARM, 15 and 30 FRM
- Multiple financed properties allowed
- Recent Credit Events Allowed

Eligibility Types

Applicants	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN (Max 65 LTV)
Eligible Occupancy	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-see <u>Underwriting Guidelines</u> (max65 LTV) • PUDs • Mixed use properties-see <u>Underwriting Guidelines</u>
Eligible Transactions	<p>Purchase, including non-arm's length transactions-see <u>Underwriting Guidelines</u></p> <p>Rate and Term Refinance</p> <ul style="list-style-type: none"> • No 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-see <u>Underwriting Guidelines</u>

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 trade lines do not need to be open. The same trade line may be used to cover both the 24 month history and active requirement. 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.
Credit Score	<ul style="list-style-type: none"> • Credit scores allowed down to 620, subject to loan amount and LTV restrictions • Use lowest middle score of all Applicants for pricing and guideline purposes
Housing Payment History	<p>Housing payment history no greater than 0x30x12 and 0x60x24 for all mortgages/rental verifications.</p> <p>First Time Home Buyer (FTHB) Not allowed</p>
Significant Credit Events	<p>Applicants with any of the following major credit events (bankruptcy, foreclosure, modification, short sale, short pay, deed in lieu, 120+ day mortgage late, pre-foreclosure including Notice of Default or Lis Pendens) are subject to the below requirements, measured from event completion date or discharge/dismissal to application date:</p> <ul style="list-style-type: none"> • 0-2 years removed: Not Eligible • 2-4 years removed: Max 75 LTV • >4 years removed: Standard Guidelines <p>Additional Requirements:</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 6 month satisfactory payment history, include payment in the DSCR (if attached to subject property), 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	
DSCR	<p>No DTI is developed for this product. Qualification is based solely on the Debt Service Coverage Ratio (DSCR) of the subject property only. The minimum DSCR is subject to the following:</p> <ul style="list-style-type: none"> • LTV up to 70: <ul style="list-style-type: none"> ○ FICO \geq 700: No minimum ○ FICO $<$ 700: 1.000 • LTV above 70: 1.000
Applicant Eligibility	At least one Applicant must be able to demonstrate a 12 month history of ownership and management of rental properties. It does not need to be have been in the most recent 3 year period. Commercial properties are acceptable for this purpose, as long as the Applicant was a majority owner of the property.
Calculation Method	<p>The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property</p> <p>Determination of Rents</p> <p>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 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>

	<p>IO Payment Qualification On a loan with interest only feature, the interest only payment on a loan may be used in lieu of an amortizing payment to calculate the Qualifying Payment and the DSCR, provided the LTV does not exceed 70 and the FICO score on the file is not less than 680. The amortizing payment described in the Qualifying Payment section must be used on a loan which does not meet the criteria laid out here.</p> <p>Multi-Year Lease An Applicant who owns a rental property which is subject to a long term lease adjusting within 12 months and which will continue for at least 12 months may use the step up in the lease amount. The amount of the increase that may be utilized is limited to the lesser of the increased lease amount or market rents.</p>
<p>Asset Accounts</p>	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 80% of face value for non-retirement asset accounts • 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 <u>Underwriting Guidelines</u> • Business funds may be used provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount of funds that may be utilized is based on the Applicant's percentage of ownership. Applicant(s) must provide either: <ul style="list-style-type: none"> ○ 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 Cash Flow Analysis to document that the withdrawal will have no adverse impact-see <u>Underwriting Guidelines</u> • Cash out proceeds MAY be used for the reserve requirement at a maximum 75 LTV
<p>Gifted Funds</p>	<ul style="list-style-type: none"> • 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. • 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. The Applicant must contribute 5% of their own funds to the transaction.
Liabilities	
Not Applicable to this program.	
Other Highlights	
<p>Appraisal / Valuation</p>	<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 >\$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 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 first 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.
<p>Geographic Eligibility</p>	<p>The following states are eligible: AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IL (no IO loans), MA, MD, ME, MI, NH, NC, NJ, NM, NV (delegated only), NY, OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI.</p> <ul style="list-style-type: none"> • Restrictions: New York (NY), Queens (NY), Kings (NY), Bronx (NY), Richmond (NY), Essex (NJ), San Francisco (CA) Counties: Rate/Term Refinance Max 75 LTV, Cash Out Refinance Max 70 LTV. See <u>Underwriting Guidelines</u> for limitations on appraisal age.

Reserve Requirement	<ul style="list-style-type: none"> • Loan amount up to \$1MM: 6 months PITIA • Loan amount above \$1MM and up to \$2MM: 9 months PITIA • Loan amount above \$2MM and up to \$3.5MM: 12 months PITIA • DSCR <1.0: Additional 6 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> • Partnerships/Corporations-see <u>Underwriting Guidelines</u>
ARM Terms	<ul style="list-style-type: none"> • Margin = 4.5% • 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.
Qualifying Payment	To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified): <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 over a 30 year term.
Prepayment Penalty	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.
Minimum Loan Amount	Minimum: <ul style="list-style-type: none"> • Delegated loans: \$100,000 • Non-Delegated loans: \$150,000 Maximum: \$3.5MM (Purchase/Rate and Term Refinance), \$2.5MM (Cash Out Refinance)

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE			
Investment Property			
FICO	LTV	CLV	Loan Amount
720	65%	65%	\$ 3,500,000
	75%	75%	\$ 3,000,000
680	70%	70%	\$ 3,000,000
	80%	80%	\$ 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

See [Geographic Eligibility](#) for LTV limitations

CASH-OUT REFINANCE			
Investment Property			
FICO	LTV	CLV	Loan Amount
720	70%	70%	\$ 2,500,000
	75%	75%	\$ 2,000,000
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

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

See [Geographic Eligibility](#) for LTV limitations