

SimpleMae

Program Description – Mortgage Solutions for Agency Eligible Second Homes and Investment Properties

Luxury Mortgage Corp. offers full documentation loans to Applicants underwritten to DU or LP Findings. Loans in this program would typically be eligible for sale to Fannie Mae or Freddie Mac.

Highlights include the following:

- Loan amounts up to agency limits
- DTI as per AUS
- Credit scores down to 620
- Income/Assets/Credit as per AUS
- Second Homes and Investment Properties
- 7/6 and 10/6 ARM, 15 and 30 FRM
- Multiple financed properties allowed

Eligibility Types

Applicants	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien meeting agency guidelines • Non-Permanent Resident Alien meeting agency guidelines • First time home buyer-<u>see Housing Payment History guideline below</u> • Non-Occupant Co-Applicants-<u>see Underwriting Guidelines</u>
Eligible Occupancy	Second Homes and Investment Properties
Property Types	<ul style="list-style-type: none"> • 1-4 unit attached and detached properties • Warrantable Condos • 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 seasoning required • Follow agency requirements <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 funding • Max cash out allowed: No limit to allowable cash out • Value to be utilized must be supported-<u>see Underwriting Guidelines</u>
Credit Requirements	
Trade Lines	Must meet minimum requirements as per AUS findings
Credit Score	<ul style="list-style-type: none"> • Credit scores allowed down to 620, Applicants with no score are ineligible. • Use lowest middle score for pricing and guideline purposes
Housing Payment History	<p>Housing payment history must meet AUS requirements. Document current housing payment, rental payment history does not need to be verified unless required by AUS.</p> <p>First Time Home Buyer (FTHB)</p> <p>Allowable as per AUS requirements.</p>

Significant Credit Events	Applicants with any of the following major credit events must follow AUS/Agency guidelines. No extenuating circumstances allowed, must meet standard waiting periods. Additional Guidelines: <ul style="list-style-type: none"> • Judgment/Tax Lien: Per AUS/Agency Guidelines • Collections/Charge-Offs: Per AUS • Mortgage trade lines in Forbearance: Follow Agency/AUS requirements
Disputed Tradelines	Follow AUS findings
Income and Assets	
DTI	Lesser of 50.499 or max approved per AUS
Documentation Requirements	Follow AUS findings/agency guidelines. Follow standard agency guidelines, COVID overlays do not apply.
Other Income Sources	Follow AUS/Agency guidelines
Gifted Funds	Follow AUS requirements
Liabilities	
Alimony/Child Support	Follow AUS/Agency guidelines
Installment/Revolving Debt	Follow AUS/Agency guidelines
Other Highlights	
Appraisal / Valuation	At least one full appraisal is required, regardless of AUS recommendations. A Collateral Underwriter (CU) score of 2.500 or lower is acceptable as a secondary valuation source. When the CU scores exceeds 2.5 or is not available as in the case of a multi-family, either an AVM from a provider acceptable to Luxury Mortgage or a Collateral Desktop Analysis must be completed. The variance between the appraised value and the value produced by the AVM or CDA may not exceed 10% of the appraised value. The currently approved list of AVM providers is: Black Knight, Clear Capital, Collateral Analytics, CoreLogic, House Canary, Red Bell Real Estate, LLC, and Veros. Follow Agency/AUS guidance for additional valuation requirements. Luxury Mortgage reserves the right to perform additional appraisal QC upon file review.
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, NH, NC, MN , NJ, NM, NV, NY (no NY subprime), OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI, WY
Reserve Requirement	Per AUS
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-<u>not allowed</u> • Limited Liability Corporations-<u>not allowed</u> • Partnerships/Corporations-<u>not allowed</u>
ARM Terms	<ul style="list-style-type: none"> • Margin = 4.00% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor Rate = Margin • Adjustment Period = 6 Months
Interest Only	Not allowed
Qualifying Payment	To determine the P&I component of the Qualifying Payment, utilize the below: <ul style="list-style-type: none"> • 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
Prepayment Penalty	No prepayment penalty
Min/Max Loan Amounts	Minimum: \$100,000 Maximum: Agency limit based on property type (including high balance)
Mortgage Insurance	Not required
Underwriting Method	AUS Only. Files must have DU Approve/Eligible or LP Accept. Manual underwriting not allowed. Delegated underwriting only. For any issues not addressed herein, follow agency guidelines.

LTV/FICO Matrix

Purchase		
Occupancy	Max LTV/CLTV	Max DTI
Second Home	90%	Per AUS
1 Unit Investment	85%	Per AUS
2-4 Unit Investment	75%	Per AUS

Rate & Term Refi		
Occupancy	Max LTV/CLTV	Max DTI
Second Home	90%	Per AUS
1 Unit Investment	75%	Per AUS
2-4 Unit Investment	75%	Per AUS

Cash Out Refi		
Occupancy	Max LTV/CLTV	Max DTI
Second Home	75%	Per AUS
1 Unit Investment	75%	Per AUS
2-4 Unit Investment	70%	Per AUS