Guideline Overview

Loans meeting the parameters outlined in these guidelines are consistent with the Dodd Frank Wall Street Reform and Consumer Protection Act's requirement that a borrower have the Ability to Repay the mortgage loan. Documentation standards are designed so that loans are made to borrowers who have demonstrated the ability and have the wherewithal to repay the debt. This program requires review and verification of documentation to ensure that the loan meets Ability-to-Repay (ATR) standards. In regard to any underwriting criteria not specifically addressed in this document, Fannie Mae standards apply.

Program Qualifications

This program is designed for borrowers who have significant verifiable assets and would benefit from alternative loan qualification methods. Asset statements are used by high net worth individuals for qualification in addition to a DTI calculation.

Purchase & Rate/Term Refinance – Primary Residence							
Units	FICO[2]	LTV/CLTV[1]	Loan Amount	DTI	Reserves (mos)	Housing History	Credit Event[4]
1-4	720	90%	$1,500,000	50%	6	1x30x12	48 mos
	700	85%					
	660	80%					
	720	85%	$2,000,000		6		
	700	80%					
	660	75%					
	720	80%	$2,500,000		12		
	700	75%					
	680	70%					
	720	75%	$3,000,000				
	700	70%					

Cash-Out Refinance – Primary Residence[3]							
Units	FICO[2]	LTV/CLTV	Loan Amount	DTI	Reserves (mos)	Housing History	Credit Event[4]
1-4	700	80%	$1,000,000	50%	6	1x30x12	48 mos
	680	75%					
	660	70%					
	720	80%	$1,500,000				
	700	75%					
	680	70%					
	720	75%	$2,000,000		6		
	700	70%					
	680	65%					
	720	70%	$2,500,000		12		
	700	65%					
	680	60%					
	720	65%	$3,000,000				
	700	60%					

Purchase & Rate/Term Refinance – Second Home & Investment Property							
Units	FICO[2]	LTV/CLTV	Loan Amount	DTI	Reserves (mos)	Housing History	Credit Event[4]
2nd: 1-unit NOO: 1-4	680	80%	$1,500,000	50%	6	1x30x12	48 mos
	660	75%					
	720	80%	$2,000,000		6		
	680	75%					
	660	65%					
	720	75%	$2,500,000		12		
	700	70%					
	680	65%					

Cash-Out Refinance – Second Home & Investment Property[3]							
Units	FICO[2]	LTV/CLTV	Loan Amount	DTI	Reserves (mos)	Housing History	Credit Event[4]
2nd: 1-unit NOO: 1-4	700	75%	$1,000,000	50%	6	1x30x12	48 mos
	680	70%					
	660	65%					
	720	75%	$1,500,000				
	680	70%					
	700	70%	$2,000,000		6		
	680	65%					
	720	65%	$2,500,000		12		
	700	60%					

See Footnotes on next page

Footnotes:
[1]LTV/CLTV/HCLTV > 80%: 1) Housing History 0x30x12, 2) Minimum 6 months' reserves, 3) No non-warrantable condos, 4) Interest-Only not allowed, 5) 2-4 unit not allowed
[2]Interest-Only requires minimum 680 FICO
[3]Cash-Out Refinances: 1) Maximum cash-out is $500,000 if LTV > 65%. Otherwise, cash-out is unlimited.
[4]Minimum 2 year seasoning allowed at certain LTV – see "Credit" section of these guidelines

Product Codes

Fully Amortizing

Product Code	Hybrid ARM
IA56AS	NQM Asset Qualification Program 5/6 SOFR ARM
IA76AS	NQM Asset Qualification Program 7/6 SOFR ARM
Product Code	**Fixed**
IF30AS	NQM Asset Qualification Program 30 Year Fixed

Interest Only

Product Code	Hybrid ARM
IA56ASIO	NQM Asset Qualification Program 5/6 SOFR ARM Interest Only
IA76ASIO	NQM Asset Qualification Program 7/6 SOFR ARM Interest Only
Product Code	**Fixed**
IF30ASIO	NQM Asset Qualification 30 Year Fixed/10 Year Interest Only
IF40ASIO	NQM Asset Qualification 40 Year Fixed/10 Year Interest Only

Eligibility Requirements

Adjustable Rate Details

Interest Rate Adjustment Caps	Initial (5/6): 2% up; Subsequent: 1% up/down; Lifetime: 5% up Initial (7/6): 5% up; Subsequent: 1% up/down; Lifetime: 5% up
Margin	See rate sheet
Index	30-day average SOFR as published by the New York Federal Reserve
Index Establish Date	45 days prior to the change date (aka "look back period")
Interest Rate Floor	Margin
Reset Period	6 months
Conversion Option	None
Assumption	ARM products are assumable to a qualified borrower after the fixed term, except for TX 50(a)(6)
Negative Amortization	None
Interest Only Option	Interest Only period is the first 10 years of the loan
Notes / Riders	Correspondent Sellers: See correspondent website "Forms and Resources/NQM Documents/Quick Reference Document Form Requirements" for specifics.

Age of Documentation

Credit Report: Within 90 days of the Note Date
Income/Asset/Reserves Docs: The most recent account statement(s) used for income qualifying or for assets/reserves must be dated within 60 days of the Note Date. When consecutive credit documents are in the loan file, the most recent document is used to determine whether it meets the age requirement.
Title Report: Within 120 days of the Note Date
Appraisal: Within 120 days of the Note Date. If older than 120 days from the Note Date, but within the preceding 12 months from the Note Date, the Appraisal Report may be used with an acceptable recertification of value completed on *Appraisal Update and/or Completion Report (Form 1004D)*. An Appraisal Update and/or Completion Report must inspect the exterior of the property and review current market data to determine whether the property has declined in value since the date of the original appraisal.

- If the appraiser indicates on the Form 1004D that the property value has declined, a new appraisal for the property must be obtained.
- If the appraiser indicates on the Form 1004D that the property value has *not* declined, no additional fieldwork is required.

Note: The appraisal update must occur within the 120 days that precede the date of the note and mortgage

The original appraiser should complete the appraisal update; however, lenders may use substitute appraisers. When updates are completed by substitute appraisers, the substitute appraiser must review the original appraisal and express an opinion about whether the original appraiser's opinion of market value was reasonable on the date of the original appraisal report. The lender must note in the file why the original appraiser was not used.

Appraisal Requirements

Loan Amount	Appraisal Requirement
≤ $1,500,000	One Full Appraisal
> $1,500,000	Two Full Appraisals

Additional Collateral Valuation Requirements (when a second appraisal is not obtained):

- Option 1: A Fannie Mae Collateral Underwriter (CU) appraisal review that meets the following:
  - 1-unit property only (this is a CU limitation)
  - CU Risk Score ≤ 2.5

  When the above requirements are met, an ARR or CDA in Option 2 below is not required.

- Option 2: A Pro Teck Valuation Services Appraisal Risk Review (ARR) **OR** a Clear Capital Collateral Desktop Analysis (CDA) from an approved vendor is required and must support the value within no more than 10% below the appraised value.

  If the ARR/CDA is higher than the appraised value or less than 10% below the appraised value, use the appraised value for LTV purposes. If the ARR/CDA is more than 10% below the appraised value, then a second appraisal is required whereby the lower of the two values must be utilized for LTV purposes.

When two full appraisals are obtained, use the lesser value for LTV purposes.

For rate/term refinance transactions, the subject property must not be currently listed for sale. It must be taken off the market prior to the application date of the new mortgage loan. For cash-out refinance transactions, the subject property must not have been listed for sale for at least 6 months prior to the application date. For all refinance transactions, the borrower must confirm their intent to occupy the subject property (for primary residence transactions) and/or their intent to retain the property going forward.

If an appraisal (either one when two are obtained) indicates the subject property is located in a declining market, reduce maximum LTV by 5%.

Appraisals must be ordered through an Impac approved Appraisal Management Company (AMC).

Assets/Reserves

Loan Amount	Required Reserves (PITIA) for Subject Property
≤ $2,000,000	6 months
> $2,000,000	12 months

The ARM Qualifying Rate is used to determine P&I for subject property reserves purposes as detailed below:

- Fixed (fully amortized): Qualify at the Note Rate
- Fixed (30 or 40 year interest only): Qualify using the fully amortized payment at the Note Rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired (i.e. 30 year IO qualifies the same as a 20 year fixed rate loan, 40 year IO qualifies the same as a 30 year fixed rate loan).
- ARM (fully amortized): Qualify at the greater of the Note Rate or the fully-indexed rate
- ARM (interest only): Qualify at the greater of the Note Rate or the fully-indexed rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired.

Marketable Securities: Use 90% of value. Marketable Securities are defined as legitimate stocks, bonds or mutual funds that are publicly traded.

Retirement Accounts: Use 70% of the vested balance (net of any outstanding loans) for IRA/SEP/Keough/401(k) accounts if not retirement age, or 80% if retirement age and no early withdrawal tax penalty applies.

Business Assets: Not allowed. Any business funds or transfers to personal accounts documented in the most recent 6 months personal statements will be disallowed and excluded from qualification.

Cash-Out for Reserves: Not allowed

Gift Funds for Reserves: Not allowed

Waiver of Reserves: A waiver of reserves is allowed for Rate/Term refinance transactions only provided all borrowers meet all of the following requirements:

- Minimum 680 FICO
- LTV/CLTV/HCLTV ≤ 80%

- Mortgage and/or rent rating of 0x30x12 (must be consecutive, no short/missing pay history allowed, no prior forbearance allowed)
- No history of bankruptcy, foreclosure, short sale, deed-in-lieu of foreclosure, or mortgage charge-off

Borrower Eligibility

Eligible:

- U.S. Citizens
- Permanent Resident Aliens
- Non-Permanent Resident Aliens
  - Must have one of following visa categories: E, G, H, L, O, P, or TN
- Inter Vivos Revocable Trust
- First Time Home Buyer (see payment shock tolerances)
- Privacy Trusts (considered on case-by-case basis)

Ineligible:

- Borrowers with a U.S. student visa. Student visa types include: F Visa (e.g., F-1, F-2, F-3), J Visa (e.g., J-1, J-2), and M Visa (e.g., M-1, M-2, M-3).
- Foreign Nationals
- Land Trusts
- LLCs, Corporations and Partnerships
- Nominee or Blind Trusts
- Non-occupant co-borrower

Credit

Credit Score:

The representative score for each borrower is:

- The middle score when three scores are obtained, or
- The lower score when two scores are obtained
- If only one score is obtained, the borrower is ineligible

The representative score for the loan is the lowest representative score of all borrowers.

Tradeline Requirements (for borrowers who contribute income or assets in loan qualification):

- Minimum of 3 trade lines.
- At least one trade line must be active in the last 6 months.
- Trade lines may be open or closed, with one seasoned trade line having a minimum 24-month rating and one trade line with at least a $5,000 high credit limit.
- The activity, seasoning and high credit limit requirements may be met with the same trade line.
- Authorized user trade lines are not eligible for any portion of the credit requirement.
- When spouse is co-borrower only one borrower is required to have the credit depth listed above.

Mortgage/Rental Lates: Maximum 1x30 in the last 12 consecutive months. For LTV/CLTV/HCLTV > 80%, 0x30x12 is required.

- Applies to all mortgages on all properties. Mortgages that do not appear on credit require a VOM from an institutional lender. Otherwise, private party VOM's must be substantiated by 12 months cancelled checks or bank statements.
- When documenting rental payment history, a Verification of Rent (VOR) from a third party management company is required. If the VOR is from a private party, cancelled checks or bank statements are required to support the VOR.
- For borrowers who currently own all property free and clear there is no mortgage/rent history requirement provided any closed mortgage meets the 1x30x12 requirement (or 0x30x12 for LTV/CLTV/HCLTV > 80%).
- Free and clear ownership counts as 0x30 for all months owned free and clear.

The charts below detail housing payment history requirements for First Time Homebuyers and Non-First Time Homebuyers (i.e. had ownership interest in property at some point in the last 3 years). The left column details the Standard payment history requirement. The right column details restrictions when the Standard requirement cannot be met. In other words, the Standard requirement is not met when the borrower cannot document a verifiable housing payment history spanning the most recent and consecutive 12 months (e.g. borrower's history is less than 12 months or there is no verifiable history during the last 12 months). In all cases, Standard or not, housing payment history cannot exceed 1x30 in the last 12 consecutive months.

First Time Homebuyer (No Ownership Last 3 Years)	
Standard Requirement (Housing History Satisfied)	Standard Requirement Not Met (Missing or < 12 Months Housing History)
• VOR: Max 1x30x12, and • Rental payment history for the most recent and consecutive 12 months preceding the loan application date. • "Rent free" status + a previous 12-month VOR may be considered on a case by case basis	Maximum 80% LTV

<table>
<tr>
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<table>
<tr><th colspan="2">Non-First Time Homebuyer (Ownership within Last 3 Years)</th></tr>
<tr><th>Standard Requirement
(Housing History Satisfied)</th><th>Standard Requirement Not Met
(Missing or Short Housing History)</th></tr>
<tr><td>• <u>VOM/VOR</u>: Max 1x30x12, <u>and</u>
• Payment history for the most recent and consecutive 12 months prior to application required.</td><td>Maximum 80% LTV</td></tr>
</table>

<u>Bankruptcy (Ch. 7, 11 and 13), Short Sale, Deed-in-Lieu, Charge-off of Mortgage Accounts and Foreclosure</u>: None in last 4 years.
• <u>Bankruptcy, Short Sale, Deed-in-Lieu, Charge-off of Mortgage Accounts</u>: If ≥ 2 years and < 4 years, max 70% LTV or existing guidelines, whichever is lower.
• <u>Foreclosure</u>: If ≥ 3 years and < 4 years, max 70% LTV or existing guidelines, whichever is lower.

<u>COVID-Related Forbearance</u>: Borrower(s) must not be in forbearance on any mortgage as of the Note Date of the subject transaction. Borrower Attestation is required. Below are acceptable scenarios and seasoning requirements. In all cases, the borrower must be due for the current payment on all mortgages as of the closing date.
• <u>No Seasoning Requirement</u>:
    ○ Borrower entered forbearance but continued to make timely monthly payments.
    ○ Borrower entered forbearance, missed one or more monthly payments but caught up via lump sum payment. If the lump sum payment occurred after the application date, the funds use to make the lump sum payment must be documented from an eligible asset source.
• <u>Seasoning Required</u>:
    ○ Borrower entered forbearance, missed one or more monthly payments and entered into a loss mitigation solution as a result of their inability to catch up and bring their mortgage payments current. Examples of loss mitigation solutions include, but are not limited to, repayment plans, payment deferrals and modifications. The new loan is eligible provided 3 timely payments have been made since the borrower entered into the loss mitigation solution.

<u>Judgment/Tax Lien/Collections/Charge-Offs</u>:
• Judgments and Tax Liens on title must be paid. If there is evidence in the file of judgments and/or tax liens and they are not on title, they may remain open provided the borrower can demonstrate a 6-month satisfactory payment history and the debt is included in the DTI.
• Medical collections are excluded regardless of amount
• Any charge-offs or non-medical collections in the last 12 months may remain unpaid if individually < $1,000 or < $2,000 in aggregate. Otherwise, accounts must be paid in full prior to or at closing.

<u>Disputed Accounts</u>: Disputed accounts are reviewed to determine current balance and derogatory information (a 30-day or more delinquency) within 2 years prior to the credit report date:
• If the disputed account(s) has no derogatory information – the underwriter must evaluate for acceptability and address their decision on the 1008.
• If the disputed account(s) has derogatory information – the dispute must be removed and a new credit report must be pulled.

<u>Frozen Credit</u>: If the borrower's credit is frozen at one of the credit repositories, the credit report is still acceptable as long as:
• Credit data is available from two repositories,
• A credit score is obtained from at least one of those two repositories, and
• A three in-file merged report was requested.
Loans for borrowers with credit data frozen at two or more of the credit repositories are not eligible.
<u>Authorized User Accounts</u>: The underwriter may make the determination that an authorized user account(s) has an insignificant impact on the borrower's overall credit history and the information on the credit report is representative of the borrower's own credit reputation. The underwriter should base their determination on the number of the borrower's own tradelines, as well as their age, type, size and the payment history, as compared to the authorized user account(s). The underwriter must document their determination on the 1008.
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<tr>
<td>Escrow Accounts / Impounds</td>
<td>Impounds are not required unless either of the following:
• The loan is a higher-priced mortgage loan (HPML) transaction. HPML transactions require a minimum 5 year escrow period (CFPB TILA Escrow Rule).
• Flood insurance is required (i.e. impounds for flood insurance are required if subject in a flood zone).</td>
</tr>
<tr>
<td>Escrow Holdbacks</td>
<td>Not permitted</td>
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<tr>
<td>Fraud Report</td>
<td>Required</td>
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<tr><td>Geographical Locations/Restrictions</td><td><u>Eligible States</u>: All states (including DC) are eligible for all channels except for:
• <u>Correspondent</u>: None
• <u>Retail</u>: CT, DE, MA, MD, ME, MO, NY, WY
• <u>Wholesale</u>: DE, MA, ME, MO, WY
• Interest Only loans are <u>not</u> allowed in Illinois (all channels)

<u>Texas 50(a)(6)</u>: Allowed for primary residence. Interest Only is prohibited on a Texas Section 50(a)(6) Equity Cash Out loan. Loan must be fully amortized.

State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</td></tr>
<tr><td>Gift Funds / Gifts of Equity</td><td>Not Permitted</td></tr>
<tr><td>Income/Assets/DTI</td><td><u>Documentation Requirements:</u> Six (6) months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. Balances must be verified within 10 days of closing.

<u>Eligible Asset Types</u>:
Assets can be cash in the bank, stocks, bonds, IRAs, 401Ks, mutual funds or retirement accounts. For most asset types, this would include all pages of the most recent six (6) months. Asset levels in the verified accounts are expected to be consistent and sustained over the six (6) month period. Increases or decreases of greater than 15% over the six (6) month period (i.e., compare month 1 to month 6) must be explained by the borrower. Additional supporting documentation may be required.

• Bank Deposits – Checking, Saving, Money Market accounts = 100%
• Publicly traded stocks and bonds = 90% (stock options not allowed)
• Mutual Funds = 90%
• Retirement Accounts (can only be used if distribution is not already set up)
    ○ 401(K) plans or IRA, SEP or KEOUGH accounts = 70% if not retirement age, or 80% if retirement age and no early withdrawal tax penalty applies.
• Cash value of a vested life insurance policy = 100%
    ○ When used for reserves, the cash value must be documented but does not need to be liquidated or received by borrower

<u>Note</u>: Assets must be in liquid or semi liquid form, no privately held stock, deferred compensation or non-regulated financial companies. Any debt tied to an asset must be netted out (example: stocks bought on margin or 401K loan against the 401K account).

<u>Ineligible Asset Types:</u>

• Business funds
• Non-liquid assets (automobiles, artwork, business net worth etc…)
• Annuities of any type
• Face value of a life insurance policy
• Foreign Assets
• Gift Funds

<u>Minimum Required Assets:</u> Based on the allowances in the Eligible Asset Types section above, the borrower(s) must have sufficient <u>post-closing</u> liquid assets greater than or equal to 115% of the loan amount <u>plus</u> required reserves for the subject property. To reiterate, the above requirements are net of any down payment, cash to close, closing costs, etc.

<u>DTI</u>: Maximum DTI is 50%. Monthly income is calculated by taking the <u>post-closing</u> liquid assets amount and dividing by 60 months.

<u>Qualifying Rate</u>:
• <u>Fixed (fully amortized)</u>: Qualify at the Note Rate
• <u>Fixed (30 or 40 year interest only)</u>: Qualify using the fully amortized payment at the Note Rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired (i.e. 30 year IO qualifies the same as a 20 year fixed rate loan, 40 year IO qualifies the same as a 30 year fixed rate loan).
• <u>ARM (fully amortized)</u>: Qualify at the greater of the Note Rate or the fully-indexed rate
• <u>ARM (interest only)</u>: Qualify at the greater of the Note Rate or the fully-indexed rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired.

<u>Residual Income</u>: Minimum residual income is $2500/mo

<u>Employment and Income</u>: Employment and Income are not required to be disclosed on the 1003 loan application. If not disclosed, enter “Not applicable to this loan” in the respective fields. A secondary contact</td></tr>
</table>

	phone number must be reflected in the business phone number section on the 1003 (for consumer contact purposes only). **Tax Transcripts**: Form 4506-C is NOT required for NQM Asset Qualification. **Borrower Affirmation**: The borrower must acknowledge their ability to repay the loan by signing a *Borrower Affirmation* document at closing.
Liabilities	**Real Estate Debt:** • Purchase Transactions: Obtain Appraisal Form 1007. Use 75% of the gross market rent in the rental income calculation. If the property has positive cash flow, the PITIA can be excluded from the liabilities. If the property has negative cash flow, this amount must be included as a liability when calculating DTI. • Subject Property Refinances and Non-Subject Properties: Rental income used for qualification must be documented with an executed lease agreement. The rental amount must be discounted by a 25% vacancy factor unless the borrower can document the most recent three months' receipt of rental income. An expired lease agreement that has verbiage stating the lease agreement becomes a month-to-month lease once the initial lease term expires is allowed with evidence of three months' receipt of rental income. If the property has positive cash flow, the PITIA can be excluded from the liabilities. If the property has negative cash flow, this amount must be included as a liability when calculating DTI. • Converting a Primary Residence to an Investment Property: If the borrower is converting a current principal residence to an investment property, a lease agreement and evidence of security deposit and/or first months' rent may be used to qualify rental income. If the property has positive cash flow, the PITIA can be excluded from the liabilities. If the property has negative cash flow, this amount must be included as a liability when calculating DTI • Converting a Primary Residence to a Second Home: If the borrower is converting a current principal residence to a second home, both the current and proposed mortgage payments (PITIA) must be used to qualify the borrower for the new transaction. • Short-Term Rentals: Short-term rentals are properties in which the rental term is less than 12 months, relatively variable in duration (e.g. short weekend, two weeks, several months, etc.), and may not be subject to a traditional lease agreement. Short-term rentals are permitted. Proof of receipt for the most recent 12 months is required. Use documented 12 months of payments to derive the monthly rental amount average. If no rent is received, use zero for that month. Most recent months must be consistent with receipt patterns over the last 12 months. Otherwise, explanation and/or additional documentation may be required to determine consistency/stability. If the property has positive cash flow, the PITIA can be excluded from the liabilities. If the property has negative cash flow, this amount must be included as a liability when calculating DTI. **Installment Debt**: Installment debt that is not secured by a financial asset – including student loans, automobile loans, and home equity loans – must be considered part of the borrower's recurring monthly debt obligations if there are more than 10 monthly payments remaining. Paying down installment debt to ≤ 10 remaining payments to avoid including in the DTI not allowed. Paying off installment debt completely is allowed.
Loan Purpose	Purchase: Use lesser of purchase price or appraised value for LTV calculation. Rate/Term Refinance: The following are acceptable in conjunction with a rate/term refinance transaction: • Paying off the unpaid principal balance of the existing first mortgage • Paying off a purchase money 2nd mortgage (closed end or HELOC) • Paying off a non-purchase money 2nd mortgage seasoned at least 12 months (note date to note date): o HELOC (Home Equity Line of Credit) must not have cumulative withdrawals exceeding \$2,000 in the last twelve (12) months • Paying off a PACE (aka HERO) loan • Receiving cash back not to exceed the greater of 1% of the loan amount or \$2,000. • Use appraised value for LTV calculation. Cash-Out Refinance: A cash-out refinance transaction must be used to pay off existing mortgages by obtaining a new first mortgage secured by the same property or be a new mortgage on a property that does not have a mortgage lien against it. At least one borrower must have been on title for 6 months or have made payments on the existing mortgage for 6 months to be eligible for a cash-out refinance. Use appraised value for LTV calculation. • If a property is owned by an LLC where the borrower(s) are 100% owners of the LLC, the time it was held by the LLC may be counted towards meeting the borrower's 6 month ownership requirement. If the LLC has more than one member and only one member will be on the new loan, the time it was held by the LLC may not be counted towards meeting the borrower's 6 month ownership requirement. • Subject property purchased within the past 6 months is only eligible for a cash-out refinance provided Fannie Mae Delayed Financing Exception is met.

	Maximum Cash-Out: • LTV > 65% = $500,000; LTV ≤ 65% = Unlimited
Minimum Loan Amount	$100,000
Mortgage Insurance	Not required
Multiple Financed Properties and Impac Exposure	There is no limitation on the number of financed properties whenever the subject property is a primary residence. When the subject property is a second home or investment property, borrowers may have a maximum of 15 financed properties. Borrowers are limited to eight (8) loans with Impac not to exceed $3,000,000.
Non-Arm's Length Transactions	Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property. Non-arm's length transactions for all occupancy types are allowed for the purchase of existing property. For the purchase of newly constructed properties, if the borrower has a relationship or business affiliation (any ownership interest, or employment) with the builder, developer, or seller of the property, only primary residence is allowed. Mortgage loans on newly constructed homes secured by a second home or investment property where there is a non-arm's length relationship are prohibited.
Payment Shock	• Non-First Time Home Buyer: Maximum 350% if DTI > 36% • First Time Home Buyer: Maximum 250% if DTI > 36%, OR 350% if DTI ≤ 36% • Payment shock does not apply to properties owned free and clear.
Prepayment Penalty	Not allowed

Properties Affected by a Disaster	When the Federal Emergency Management Agency (FEMA) releases a disaster declaration announcement whereby **individual assistance** is made available to an area containing the subject property, the property will require a re-inspection as follows based on the "incident start date" and the "incident end date."
	
	• Loan files containing appraisal reports with an effective date prior to the "incident start date" are *ineligible* for funding and investor delivery without an accompanying property inspection product dated after the "incident end date."
	• Loan files containing appraisal reports with an effective date on or after the "incident start date" are *ineligible* for funding and investor delivery without an accompanying property inspection product dated after the "incident end date."
	• Appraisal reports with an effective date after the published "incident end date" require *no action* and may fund and be delivered to the investor provided there is no indication from the appraiser that there is an adverse impact on the property's value, condition, or marketability as a result of the disaster.
	• All property inspection products must be dated after the published "incident end date" to allow loan file funding and investor delivery.
	Required Inspection Product: An Exterior DAIR is required for inspections, including, but not limited to, earthquake, fire, landslide, and tornado. When the disaster is a flood, hurricane and/or water related disaster, and Interior inspection is also required. Regardless, all DAIR's must affirmatively indicate there is no adverse impact to value, condition, or marketability as a result of the disaster.
	
	Condo Requirements: In addition to the subject unit itself, the DAIR must also assess the condition of the building in which the condo unit is located and assess any damage to the condo project's common elements.
	
	Damage Indicated on the DAIR:
	• If damage exists but does not impact the safety, soundness, or structural integrity of the property, the following is required in order to be eligible for delivery:
	  o The repair items are covered by insurance, AND
	  o Documentation of the professional estimates of the repair costs must be obtained and the lender must ensure that sufficient funds are available for the borrower's benefit to guarantee the completion of the repairs (i.e. borrower must document funds required to meet any applicable insurance deductible).
	• If the property was damaged and the damage is uninsured or the damage affects the safety, soundness, or structural integrity of the property, the property must be repaired before the loan is eligible to be delivered.
	• Where damage exists to the building of a condo unit and/or the condo project's common elements, escalate to Enterprise Credit Policy.

Property Types	Eligible: • 1 unit attached and detached SFR and PUDs • Condominiums • 2-4 units • Leasehold Estates (term of the lease must extend 10 years beyond the date of loan maturity and must otherwise meet Fannie Mae Guidelines) Ineligible: • Condo hotel • Co-ops • Income producing properties with acreage

	• Manufactured housing • Modular homes • Working farms, ranches or orchards • Vacant land or land development properties • Properties that are not readily accessible by roads that meet local standards • Properties that are not secured by real estate such as, houseboats, boat slips, timeshares, and other forms of property that are not real estate • Boarding houses • Bed and breakfast properties • Properties that are not suitable for year-round occupancy regardless of location • Properties located in Hawaiian lava zones 1 and 2 Unique Properties: May be considered on a case-by-case basis whereby additional restrictions may apply (e.g. max LTV of 80%). In all cases, the appraisal must provide similar comparable sales and address any marketability concerns. Following are unique properties that may be considered on a case-by-case basis: • Acreage greater than 10 acres. • Properties zoned exclusively for agricultural purposes. • Log Homes. • Mixed Use • Properties subject to oil and/or gas leases Condo Project Reviews: Follow Fannie Mae guidelines for Project Review Waivers, Limited Reviews, Full Reviews (with or without CPM) and PERS Final Approvals. FHA approved condos are not permitted. Co-op and manufactured housing projects are ineligible. Condominium projects that do not meet Fannie Mae guidelines are considered non-warrantable. See below for non-warrantable project acceptability. Non-Warrantable Condo Project Eligibility: Any condo project that is not warrantable based on Fannie Mae guidelines is eligible provided the LTV/CLTV/HCLTV does not exceed 80% and the reason for the ineligibility fits within one of the exceptions below. Multiple ineligibilities/non-warrantable characteristics are not allowed. • Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns up to and including 25% of the total number of units in the project. • Established Projects: For investment properties, less than 50% of the total units in the project may be conveyed to principal residence or second home purchasers. All occupancy types are allowed regardless of the project's investment property concentration. • New Projects: There is no requirement that at least 50% of the total units in the project or subject legal phase must have been conveyed or under contract for sale to principal residence or second home purchasers. • Commercial space in the project can be no more than 50% provided it is typical of the market area and has no impact on marketability.
Subordinate Financing	Subordinate financing is allowed subject to the following requirements: • Must have regular monthly payments that cover at least the interest due so that negative amortization does not occur. • Financing provided by the property seller is allowed for arm's-length transactions only in accordance with program CLTV limits. • Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than five years after the note date of the new first mortgage is unacceptable. • Loans may be escalated for consideration when the amount of the subordinate debt is minimal relative to the borrower's financial assets and/or credit profile. • All subordinate financing must otherwise meet Fannie Mae guidelines. Required documentation: 1) Copy of Note, 2) Copy of Subordination Agreement.

Title Vesting	Eligible Vesting:
	Vesting in the name of an individual(s) or an Inter Vivos Revocable Trust is allowed provided it meets the following requirements:
	• Inter Vivos Revocable Trust:
	  o Must meet Fannie Mae requirements
	  o Only trusts with natural person members are allowed
	Ineligible Vesting:
	• LLCs
	• Corporations
	• Partnerships
	• 501(c)(3) organizations
	• Trusts or LLCs whose members include other LLCs, corporations, partnerships, or trusts.
	• Trusts or LLCs where a Power of Attorney is used.

Underwriting	Loans must be manually underwritten and fully documented. All loans must be underwritten in compliance with the Ability to Repay standards set forth in 12 C.F.R. §1026.43. For additional topics not specifically or fully addressed by 12 C.F.R. §1026.43 guidance or herein, Fannie Mae underwriting guidelines should be followed.

	The underwriter must be comfortable that the borrower is able to repay the loan and that belief must be supported by information from independent third parties. All factors in the loan file must be viewed in totality to reach this conclusion.

Borrower Affirmation – Asset Qualification

Date:

Loan No

Borrower Name:

1. I understand that Impac Mortgage Corp. will determine my Ability to Repay this mortgage loan, as it is required to do under existing law, solely on the basis of existing assets that I currently maintain.

2. I understand that my monthly payment on this loan will be as follows:
   ___Fixed Mortgage
   For years
   My monthly payment is $

   ___ Adjustable Rate Mortgage
   For the first years
   My monthly payment is $
   I understand my payment may adjust (more than once) after the first years.

   ___ Interest Only Mortgage
   For the first years
   My monthly payment is $
   I understand my payment will adjust after the first years.

3. I understand the checked items below on this property will be approximately this amount per month $
   ___ Property taxes
   ___ Hazard Insurance
   ___ Flood Insurance
   ___ Mortgage Insurance

   The checked items above will be impounded.

   The items not checked will not be impounded; and if not impounded I am responsible to pay them directly.

4. I believe I can afford to make the monthly payment on the loan.

5. I am not aware of anything in the future that will affect my ability to make this loan payment.

6. My loan program did not require that I submit my prior tax returns. I understand that if I had provided verifiable documentation of my income, such as my tax returns or W-2 wage statements or other documentation deemed necessary to support my income, I may have been able to qualify for a different loan program with different loan terms or conditions such as a lower interest rate.

NOTE: If there is a discrepancy between the terms in this document and the actual loan documents, the terms of the loan documents prevail.

I certify that the above information and the information on the final Uniform Residential Loan Application (Form 1003) is true and correct as of this day and that it represents an accurate picture of my financial status.

_______________________________________ _______________________________________

Borrower Name Date Borrower Name Date

_______________________________________ _______________________________________

Borrower Name Date Borrower Name Date