

NQM Asset Qualification Program – Underwriting Guidelines

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 alone (no debt to income ratio is required) may be used by high net worth individuals for qualification.

NOTE: Loans that are eligible for sale to a government-sponsored enterprise (GSE) – the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) – are ineligible for any NQM Series programs.

Purchase & Rate/Term Refinance – Primary Residence						
Units ²	FICO ²	LTV ²	Loan Amount	Reserves (mos)	Housing History ³	Credit Event
1-4	740	85%	\$1,000,000	Loan Amt ≤ \$1MM = 6 mos Loan Amt > \$1MM and ≤ \$2MM = 9 mos Loan Amt > \$2MM	0x30x12	48 mos
	680	80%				
	660	75%				
	740	85%	\$1,500,000			
	700	80%				
	680	75%				
	660	70%	\$2,000,000			
	720	80%				
	700	75%				
720	75%	\$2,500,000				
740	75%	\$3,000,000				

Cash-Out Refinance – Primary Residence ¹						
Units	FICO	LTV	Loan Amount	Reserves (mos)	Housing History ³	Credit Event
1-4	700	75%	\$1,000,000	Loan Amt ≤ \$1MM = 6 mos Loan Amt > \$1MM and ≤ \$2MM = 9 mos Loan Amt > \$2MM = 12 mos	0x30x12	48 mos
	680	70%				
	700	75%	\$1,500,000			
	680	65%				
	720	75%	\$2,000,000			
	700	70%				
	720	70%	\$2,500,000			
	740	70%	\$3,000,000			

Purchase & Rate/Term Refinance – Second Home & Investment Property						
Units	FICO	LTV	Loan Amount	Reserves (mos)	Housing History ³	Credit Event
2nd: 1-unit	700	70%	\$1,500,000	Loan Amt ≤ \$1MM = 6 mos Loan Amt > \$1MM = 9 mos	0x30x12	48 mos
NOO: 1-4	720		\$2,000,000			

Cash-Out Refinance – Second Home & Investment Property ¹						
Units	FICO	LTV	Loan Amount	Reserves (mos)	Housing History ³	Credit Event
2nd: 1-unit	700	65%	\$1,500,000	Loan Amt ≤ \$1MM = 6 mos Loan Amt > \$1MM = 9 mos	0x30x12	48 mos
NOO: 1-4	720		\$2,000,000			

Footnotes:

¹Cash-Out Refinances – Cash-Out Limits:

- If LTV ≤ 50%, maximum cash-out is unlimited
- If LTV > 50% and ≤ 75%, maximum cash-out is \$500,000

²Interest Only: 1) Max 80% LTV, 2) Minimum 680 FICO, 3) LTV > 80% = 1-unit SFR or PUD only

LTV > 75%: Non-warrantable condo not allowed

³Housing History must be 0x30x12, 0x60x24 and 0x120x48

Product Codes

Fully Amortizing	
Product Code	Hybrid 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
IA76ASIO	NQM Asset Qualification Program 7/6 SOFR ARM Interest Only
Product Code	Fixed
Not Available	

Eligibility Requirements

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Adjustable Rate Details	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0e0e0;">Interest Rate Adjustment Caps</td> <td>Initial: 5% up; Subsequent: 1% up/down; Lifetime: 5% up</td> </tr> <tr> <td style="background-color: #e0e0e0;">Margin</td> <td>See rate sheet</td> </tr> <tr> <td style="background-color: #e0e0e0;">Index</td> <td>30-day average SOFR as published by the New York Federal Reserve</td> </tr> <tr> <td style="background-color: #e0e0e0;">Index Establish Date</td> <td>45 days prior to the change date (aka “look back period”)</td> </tr> <tr> <td style="background-color: #e0e0e0;">Interest Rate Floor</td> <td>Margin</td> </tr> <tr> <td style="background-color: #e0e0e0;">Reset Period</td> <td>6 months</td> </tr> <tr> <td style="background-color: #e0e0e0;">Conversion Option</td> <td>None</td> </tr> <tr> <td style="background-color: #e0e0e0;">Assumption</td> <td>ARM products are assumable to a qualified borrower after the fixed term, except for TX 50(a)(6)</td> </tr> <tr> <td style="background-color: #e0e0e0;">Negative Amortization</td> <td>None</td> </tr> <tr> <td style="background-color: #e0e0e0;">Interest Only Option</td> <td>Interest Only period is the first 10 years of the loan</td> </tr> <tr> <td style="background-color: #e0e0e0;">Notes / Riders</td> <td>Correspondent Sellers: See correspondent website “Forms and Resources/NQM Documents/Quick Reference Document Form Requirements” for specifics.</td> </tr> </table>	Interest Rate Adjustment Caps	Initial: 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.
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Age of Documentation	<p>Credit Report: Within 90 days of the Note Date Income/Asset/Reserves Docs: 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 180 days 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.</p> <ul style="list-style-type: none"> 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 <i>not</i> declined, no additional fieldwork is required. <p>Note: The appraisal update must occur within the 120 days that precede the date of the note and mortgage</p> <p>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.</p>																						
Appraisal Requirements	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 50%;">Loan Amount</th> <th style="width: 50%;">Appraisal Requirement</th> </tr> </thead> <tbody> <tr> <td>≤ \$1,500,000</td> <td>One Full Appraisal</td> </tr> <tr> <td>> \$1,500,000</td> <td>Two Full Appraisals</td> </tr> </tbody> </table> <p>Additional Collateral Valuation Requirements (when a second appraisal is not obtained):</p> <ul style="list-style-type: none"> Option 1: A Fannie Mae Collateral Underwriter (CU) appraisal review that meets the following: <ul style="list-style-type: none"> 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. <p>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.</p> <p>When two full appraisals are obtained, use the lesser value for LTV purposes.</p> <p>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</p>	Loan Amount	Appraisal Requirement	≤ \$1,500,000	One Full Appraisal	> \$1,500,000	Two Full Appraisals																
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	<p>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%.</p> <p>Appraisals must be ordered through an Impac approved Appraisal Management Company (AMC).</p>								
<p>Assets/Reserves</p>	<table border="1" data-bbox="451 394 1479 533"> <thead> <tr> <th>Loan Amount</th> <th>Required Reserves (PITIA) for Subject Property</th> </tr> </thead> <tbody> <tr> <td>≤ \$1,000,000</td> <td>6 months</td> </tr> <tr> <td>> \$1,000,000 and ≤ \$2,000,000</td> <td>9 months</td> </tr> <tr> <td>> \$2,000,000</td> <td>12 months</td> </tr> </tbody> </table> <p>The ARM Qualifying Rate is used to determine P&I for subject property reserves purposes as detailed below:</p> <ul style="list-style-type: none"> • <u>Fixed (fully amortized)</u>: Qualify at the Note Rate • <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. <p><u>Marketable Securities</u>: Use 70% of value. Marketable Securities are defined as legitimate stocks, bonds or mutual funds that are publicly traded.</p> <p><u>Retirement Accounts</u>: Use 60% of the vested balance (net of any outstanding loans) for IRA/SEP/Keough/401(k) accounts if not retirement age, or 70% if retirement age and no early withdrawal tax penalty applies.</p> <p><u>Business Assets</u>: Not allowed</p> <p><u>Cash-Out for Reserves</u>: Not allowed</p> <p><u>Gift Funds for Reserves</u>: Not allowed</p> <p><u>Waiver of Reserves</u>: Not allowed</p> <p><u>Additional Financed Properties Requirements</u>: 2 months PITIA for each additional financed property. PITIA calculated using the actual mortgage payment (PITIA) of the “other” property for each additional property.</p>	Loan Amount	Required Reserves (PITIA) for Subject Property	≤ \$1,000,000	6 months	> \$1,000,000 and ≤ \$2,000,000	9 months	> \$2,000,000	12 months
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> \$2,000,000	12 months								
<p>Borrower Eligibility</p>	<p><u>Eligible</u>:</p> <ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens <ul style="list-style-type: none"> ◦ Must have one of following visa categories: E, G, H, L, O, P, or TN • Inter Vivos Revocable Trust • First Time Home Buyer (subject to maximum payment shock of 250%) • Privacy Trusts (considered on case-by-case basis) <p><u>Ineligible</u>:</p> <ul style="list-style-type: none"> • Borrowers with a <u>U.S. student visa</u>. 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 								
<p>Credit</p>	<p><u>Credit Score</u>:</p> <p>The representative score for each borrower is:</p> <ul style="list-style-type: none"> • 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 <p>The representative score for the loan is the lowest representative score of all borrowers.</p> <p><u>Tradeline Requirements (for borrowers who contribute income or assets in loan qualification)</u>:</p> <ul style="list-style-type: none"> • 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. 								

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	<ul style="list-style-type: none"> • 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. <p><u>Mortgage/Rental Lates:</u> Maximum 0x30 in the last 12 consecutive months. Additionally, a maximum of 0x60x24 and 0x120x48 is required.</p> <ul style="list-style-type: none"> • 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. Rent free status is not allowed – borrowers must document a 12-month rent rating. • For borrowers who currently own all property free and clear there is no mortgage/rent history requirement provided any closed mortgages meet the 0x30x12, 0x60x24, 0x120x48 requirements. • Free and clear ownership counts as 0x30 for all months owned free and clear. <p><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.</p> <p><u>Prior Mortgage Modification:</u> Must have been completed at least 4 years from application date.</p> <p><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 and unacceptable scenarios. In all cases, the borrower must be due for the current payment on all mortgages as of the closing date.</p> <ul style="list-style-type: none"> • <u>Acceptable:</u> <ul style="list-style-type: none"> ○ 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 used to make the lump sum payment must be documented from an eligible asset source. Proceeds from a refinance or loan is not an eligible source of funds. • <u>Unacceptable:</u> <ul style="list-style-type: none"> ○ 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. <p><u>Judgment/Tax Lien/Collections/Charge-Offs:</u></p> <ul style="list-style-type: none"> • 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 Income/Asset calculation. • Medical collections are excluded regardless of amount • Any charge-offs or non-medical collections may remain unpaid if individually < \$250 or < \$1000 in aggregate. Otherwise, accounts must be paid in full prior to or at closing. <p><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:</p> <ul style="list-style-type: none"> • 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. <p><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:</p> <ul style="list-style-type: none"> • 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. <p>Loans for borrowers with credit data frozen at two or more of the credit repositories are not eligible.</p> <p><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.</p>
<p>Escrow Accounts / Impounds</p>	<p>Impounds are not required unless either of the following:</p> <ul style="list-style-type: none"> • The loan is a higher-priced mortgage loan (HPML) transaction. HPML transactions require a minimum 5 year escrow period (CFPB TILA Escrow Rule).

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	<ul style="list-style-type: none"> Flood insurance is required (i.e. impounds for flood insurance are required if subject in a flood zone).
Escrow Holdbacks	Not permitted
Fraud Report	Required
Geographical Locations/Restrictions	<p><u>Eligible States:</u> All states (including DC) are eligible for all channels except for:</p> <ul style="list-style-type: none"> <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) <p><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.</p> <p>State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p>
Gift Funds / Gifts of Equity	Not Permitted
Income/Assets/DTI	<p><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.</p> <p><u>DTI:</u> A traditional DTI is not calculated for NQM Asset Qualification. Rather, the borrower(s) must have sufficient post-closing liquid assets \geq the sum of the items noted below:</p> <ul style="list-style-type: none"> 100% of the loan amount; 60 months of all revolving, installment, alimony/child support, and mortgage related expenses; Subject property reserves requirements based on loan amount as detailed in the <i>Reserves</i> section of this matrix; <u>AND</u> Additional financed property reserves as detailed in the <i>Reserves</i> section of this matrix. <p><u>Mortgage Related Expenses:</u> As referenced in the second bullet point above, mortgage related expenses must be accounted for in the 60-month calculation.</p> <ul style="list-style-type: none"> <u>Subject Property:</u> Exclude the subject P&I from the 5 year calculation (i.e. only include taxes, insurance HOA, special assessments, etc.). <u>Non-Subject Properties:</u> Include the PITIA of additional REO in the 5 year calculation. Whenever additional REO is an investment property, the PITIA for that property may be excluded from the coverage requirement provided the property has positive cash flow. If the investment property has negative cash flow, any net negative rental amount must be multiplied by the 60 month term with the resulting amount added to the required assets. Leases + 3 month's most recent rent receipts are required to document the rental income received for an investment property (Form 1007 is not required). A 25% vacancy factor must be applied to the monthly rent prior to calculating positive/negative cash flow for the property. Net rent can never exceed \$0. <u>Short-Term Rentals:</u> 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 24 months is required. Use documented 24 months of payments to derive the monthly rental amount average. If no rent is received, use zero for that month <p><u>Installment Debt:</u> 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 <u>down</u> installment debt to \leq 10 remaining payments to avoid including in the required assets calculation is not allowed. Paying <u>off</u> installment debt completely is allowed.</p> <p><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.</p> <ul style="list-style-type: none"> Bank Deposits – Checking, Saving, Money Market accounts = 100% Publicly traded stocks and bonds = 70% (stock options not allowed) Mutual Funds = 70% Retirement Accounts (can only be used if distribution is not already set up) <ul style="list-style-type: none"> 401(K) plans or IRA, SEP or KEOUGH accounts = 60% if not retirement age, or 70% if retirement age and no early withdrawal tax penalty applies. Cash value of a vested life insurance policy = 100%

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	<ul style="list-style-type: none"> ○ When used for reserves, the cash value must be documented but does not need to be liquidated or received by borrower <p>Note: 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).</p> <p>Ineligible Asset Types:</p> <ul style="list-style-type: none"> • 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 <p>Residual Income: In accordance with ATR standards, a monthly residual income calculation must be completed. The formula for this calculation is:</p> <ul style="list-style-type: none"> • Total Assets (as detailed in Eligible Asset Types above) / 60 months = Total Monthly Income • Total Monthly Income – Total Monthly Debt Obligations (Expenses) = Monthly Residual Income • Monthly Residual Income must meet or exceed the following requirement: <ul style="list-style-type: none"> ○ Minimum of \$2500 + \$150 for each additional family member. <p>Note: Required reserves are not deducted from Total Assets when calculating residual income.</p> <p>Employment and Income: 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 phone number must be reflected in the business phone number section on the 1003 (for consumer contact purposes only).</p> <p>Tax Transcripts: Form 4506-C is NOT required for NQM Asset Qualification.</p> <p>Borrower Affirmation: The borrower must acknowledge their ability to repay the loan by signing a <i>Borrower Affirmation</i> document at closing.</p>
<p>Loan Purpose</p>	<p>Purchase: Use lesser of purchase price or appraised value for LTV calculation.</p> <p>Refinances: If owned less than 6 months for a rate/term refinance or 12 months for a cash-out refinance, use lesser of purchase price plus documented improvements or appraised value for LTV calculation. Otherwise, use appraised value for LTV calculation. Seasoning is measured from date of deed transfer to application date.</p> <p>Rate/Term Refinance: The following are acceptable in conjunction with a rate/term refinance transaction:</p> <ul style="list-style-type: none"> • 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): <ul style="list-style-type: none"> ○ 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 lesser of 2% of the balance of the new refinance mortgage loan, or \$5,000. <p>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.</p> <ul style="list-style-type: none"> • 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 are eligible for a cash-out refinance (provided Fannie Mae Delayed Financing Exception is met) <p>Maximum Cash-Out:</p> <ul style="list-style-type: none"> • If LTV ≤ 50%, maximum cash-out is unlimited • If LTV > 50% and ≤ 75%, maximum cash-out is \$500,000

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	<p><u>New York Consolidation, Extension & Modification Agreement (NY CEMA)</u> For all Impac refinance products, property located in the state of New York may be structured as a Consolidation, Extension, and Modification Agreement (CEMA) transaction. The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided:</p> <ul style="list-style-type: none"> • NY Consolidation, Extension and Modification Agreement (Form 3172) • Original Note(s) – Original documents signed by the borrower • Gap Note and Gap Mortgage, if applicable • Consolidated Note – Original documents signed by the borrower • Exhibit A – Listing of all Notes & Mortgages being consolidated, extended and modified • Exhibit B – Legal description of the subject property • Exhibit C – Copy of the consolidated Note • Exhibit D – Copy of the consolidated Mortgage <p>Lost Note Affidavits are not an acceptable substitute for any of the required documents. If original documentation cannot be provided per above, then a CEMA is not allowed.</p>
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 five (5) 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 <u>existing</u> property. For the purchase of <u>newly constructed</u> 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 <u>primary residence</u> 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	<ul style="list-style-type: none"> • Non-First Time Home Buyer: Maximum 350% • First Time Home Buyer: Maximum 250%
Prepayment Penalty	Not allowed
Properties Affected by a Disaster	<p>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."</p> <ul style="list-style-type: none"> • Loan files containing appraisal reports with an effective date prior to the "incident start date" are <i>ineligible</i> 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 <i>ineligible</i> 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 <i>no action</i> 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. <p>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.</p> <p>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.</p> <p>Damage Indicated on the DAIR:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ The repair items are covered by insurance, AND ○ 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).

NQM Asset Qualification Program – Underwriting Guidelines

	<ul style="list-style-type: none"> 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	<p><u>Eligible:</u></p> <ul style="list-style-type: none"> 1 unit attached and detached SFR and PUDs Condominiums (see non-warrantable exceptions below) 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) <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> 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 <p><u>Unique Properties:</u> 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:</p> <ul style="list-style-type: none"> Acreage greater than 10 acres. Agricultural zoned property. Log Homes. Mixed Use Properties subject to oil and/or gas leases <p><u>Condo Project Reviews:</u> 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. Non-warrantable condos are not allowed.</p> <p><u>Non-Warrantable Condo Projects:</u> The following non-warrantable exceptions are permitted at a maximum LTV of 75%. The project must otherwise be warrantable per Fannie Mae guidelines.</p> <ul style="list-style-type: none"> <u>Established Projects:</u> The Fannie Mae requirement that for investment properties, at least 50% of the total units in the project must be conveyed to principal residence or second home purchasers), does not apply. All occupancy types are allowed regardless of the project's investment property concentration. <u>New Projects:</u> The Fannie Mae 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 does not apply.
Subordinate Financing	Not allowed
Title Vesting	<p><u>Eligible Vesting:</u> Vesting in the name of an individual(s) or an Inter Vivos Revocable Trust is allowed provided it meets the following requirements:</p> <ul style="list-style-type: none"> Inter Vivos Revocable Trust: <ul style="list-style-type: none"> Must meet Fannie Mae requirements Only trusts with natural person members are allowed <p><u>Ineligible Vesting:</u></p> <ul style="list-style-type: none"> 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.

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Underwriting	<p>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.</p> <p>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.</p>
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