

## NQM Investor Program – Underwriting Guidelines

### Program Qualifications

This program qualifies borrowers based on cash flows solely from the subject property and is designed for both experienced real estate investors and first time investors provided certain qualifications are met. First Time Home Buyer is not allowed. Generally, borrower must have a history of owning and managing commercial or residential investment real estate for a period of at least 12 months. Proof of this investor experience must be in loan file.

**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 – Investment Property							
Units	FICO	LTV <sup>3</sup>	Loan Amount	DSCR	Reserves (mos)	Housing History <sup>1</sup>	Credit Event (mos)
1-4	720	80%	\$1,000,000	1.00	6	0x30x12	48
	680	75%					
	660	70%					
	720	80%	\$1,500,000		9		
	700	75%					
	680	70%					
	740	70%	\$2,000,000		12		

Cash-Out Refinance – Investment Property <sup>2</sup>							
Units	FICO	LTV	Loan Amount	DSCR	Reserves (mos)	Housing History <sup>1</sup>	Credit Event (mos)
1-4	720	75%	\$1,000,000	1.00	6	0x30x12	48
	700	70%					
	680	65%					
	720	75%	\$1,500,000		9		
	700	65%					
	740	65%					

**Footnotes:**

<sup>1</sup>Housing History must be 0x30x12, 0x60x24 and 0x120x48

<sup>2</sup>Cash-Out Refinances – Cash-Out Limits:

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

<sup>3</sup>LTV > 75%: 1) 2-4 unit not allowed, 2) Non warrantable-condo not allowed

LTV > 70%: Interest-Only not allowed

### Product Codes

#### Fully Amortizing

Product Code	Hybrid ARM
IA76IN	NQM Investor 7/6 SOFR ARM
Product Code	Fixed
IF30IN	NQM Investor 30 Year Fixed

#### Interest Only

Product Code	Hybrid ARM
IA76INIO	NQM Investor 7/6 SOFR ARM Interest Only
Product Code	Fixed
Not Available	

### Eligibility Requirements

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

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<b>Age of Documentation</b>	<p><u>Credit Report</u>: Within 90 days of the Note Date  <u>Income/Asset/Reserves Docs</u>: 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.  <u>Title Report</u>: Within 120 days of the Note Date  <u>Appraisal</u>: 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 <a href="#">Appraisal Update and/or Completion Report (Form 1004D)</a>. 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"> <li>If the appraiser indicates on the Form 1004D that the property value has declined, a new appraisal for the property must be obtained.</li> <li>If the appraiser indicates on the Form 1004D that the property value has <i>not</i> declined, no additional fieldwork is required.</li> </ul> <p><b>Note:</b> 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>								
<b>Appraisal Requirements</b>	<table border="1" style="width: 100%; text-align: center; border-collapse: collapse;"> <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>&gt; \$1,500,000</td> <td>Two Full Appraisals</td> </tr> </tbody> </table> <p><u>Additional Collateral Valuation Requirements (when a second appraisal is not obtained):</u></p> <ul style="list-style-type: none"> <li><u>Option 1:</u> A Fannie Mae Collateral Underwriter (CU) appraisal review that meets the following:             <ul style="list-style-type: none"> <li>1-unit property only (this is a CU limitation)</li> <li>CU Risk Score ≤ 2.5</li> </ul>             When the above requirements are met, an ARR or CDA in Option 2 below is not required.           </li> <li><u>Option 2:</u> A Pro Teck Valuation Services Appraisal Risk Review (ARR) <b>OR</b> 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.</li> </ul> <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 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.</p> <p>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>	Loan Amount	Appraisal Requirement	≤ \$1,500,000	One Full Appraisal	> \$1,500,000	Two Full Appraisals		
Loan Amount	Appraisal Requirement								
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<b>Assets/Reserves</b>	<table border="1" style="width: 100%; text-align: center; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Loan Amount</th> <th style="width: 50%;">Required Reserves (PITIA) for Subject Property</th> </tr> </thead> <tbody> <tr> <td>≤ \$1,000,000</td> <td>6 months</td> </tr> <tr> <td>&gt; \$1,000,000 and ≤ \$1,500,000</td> <td>9 months</td> </tr> <tr> <td>&gt; \$1,500,000</td> <td>12 months</td> </tr> </tbody> </table> <p>*Add <u>additional</u> 6 months to requirements above if subject property is vacant (including multi-family with 1 or more vacant units).</p> <p>The ARM Qualifying Rate is used to determine P&amp;I for subject property reserves purposes. See <b>Income/DTI</b> section for requirements.</p> <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>	Loan Amount	Required Reserves (PITIA) for Subject Property	≤ \$1,000,000	6 months	> \$1,000,000 and ≤ \$1,500,000	9 months	> \$1,500,000	12 months
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	<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> Business assets are an acceptable source for down payment, closing costs, and reserves for self-employed borrowers. Ownership percentage of at least 50% and authority to access funds must be documented via CPA Letter, Operating Agreement or equivalent. A third-party CPA/accountant/tax preparer statement is also required to confirm that the use of the funds in the transaction will not have a material impact on the business' operations. The balance of the business assets must be multiplied by the ownership percentage to determine the owner's portion of the business assets allowed for the transaction. Large deposits must be sourced to validate the funds are eligible.</p> <p><u>Cash-Out for Reserves:</u> Cash-out proceeds from the loan transaction may be used to satisfy reserves requirements.</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. Alternatively, the following methodology can be used:</p> <ul style="list-style-type: none"> <li>• 1-5 owned, financed properties: 2% of the aggregate unpaid principal balance of outstanding mortgages, HELOCs, etc.</li> <li>• 6-10 owned, financed properties: 4% of the aggregate unpaid principal balance of outstanding mortgages, HELOCs, etc.</li> <li>• 11+ owned, financed properties: 6% of the aggregate unpaid principal balance of outstanding mortgages, HELOCs, etc.</li> </ul>
<p><b>Borrower Eligibility</b></p>	<p><u>Eligible:</u></p> <ul style="list-style-type: none"> <li>• U.S. Citizens</li> <li>• Permanent Resident Aliens</li> <li>• Inter Vivos Revocable Trust</li> <li>• U.S. Based LLC's</li> <li>• Privacy Trusts (considered on case-by-case basis)</li> </ul> <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> <li>• 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).</li> <li>• Non-Permanent Resident Aliens</li> <li>• Foreign Nationals</li> <li>• Land Trusts</li> <li>• Partnerships and Corporations</li> <li>• Nominee or Blind Trusts</li> <li>• First Time Home Buyers</li> </ul>
<p><b>Credit</b></p>	<p><u>Credit Score:</u> The representative score for each borrower is:</p> <ul style="list-style-type: none"> <li>• The middle score when three scores are obtained, or</li> <li>• The lower score when two scores are obtained</li> <li>• If only one score is obtained, the borrower is ineligible</li> </ul> <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"> <li>• Minimum of 3 trade lines.</li> <li>• At least one trade line must be active in the last 6 months.</li> <li>• 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.</li> <li>• The activity, seasoning and high credit limit requirements may be met with the same trade line.</li> <li>• Authorized user trade lines are not eligible for any portion of the credit requirement.</li> <li>• When spouse is co-borrower only one borrower is required to have the credit depth listed above.</li> </ul> <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"> <li>• 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.</li> <li>• 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.</li> <li>• Free and clear ownership counts as 0x30 for all months owned free and clear.</li> </ul>

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	<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"> <li>• <u>Acceptable:</u> <ul style="list-style-type: none"> <li>○ Borrower entered forbearance but continued to make timely monthly payments.</li> <li>○ 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.</li> </ul> </li> <li>• <u>Unacceptable:</u> <ul style="list-style-type: none"> <li>○ 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.</li> </ul> </li> </ul> <p><u>Judgment/Tax Lien/Collections/Charge-Offs:</u></p> <ul style="list-style-type: none"> <li>• 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 DSCR (if subject property related).</li> <li>• Medical collections are excluded regardless of amount</li> <li>• Any charge-offs or non-medical collections may remain unpaid if individually &lt; \$250 or &lt; \$1000 in aggregate. Otherwise, accounts must be paid in full prior to or at closing.</li> </ul> <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"> <li>• If the disputed account(s) has no derogatory information – the underwriter must evaluate for acceptability and address their decision on the 1008.</li> <li>• If the disputed account(s) has derogatory information – the dispute must be removed and a new credit report must be pulled.</li> </ul> <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"> <li>• Credit data is available from two repositories,</li> <li>• A credit score is obtained from at least one of those two repositories, and</li> <li>• A three in-file merged report was requested.</li> </ul> <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>
<b>Escrow Accounts / Impounds</b>	<p>Impounds are not required unless either of the following:</p> <ul style="list-style-type: none"> <li>• The loan is a higher-priced mortgage loan (HPML) transaction. HPML transactions require a minimum 5 year escrow period (CFPB TILA Escrow Rule).</li> <li>• Flood insurance is required (i.e. impounds for flood insurance are required if subject in a flood zone)</li> </ul>
<b>Escrow Holdbacks</b>	Not permitted
<b>Fraud Report</b>	Required
<b>Geographical Locations/Restrictions</b>	<p>All states (including DC) are eligible for all channels except for:</p> <ul style="list-style-type: none"> <li>• <u>Correspondent:</u> None</li> <li>• <u>Retail:</u> CT, DE, MA, MD, ME, MO, NY, WY</li> <li>• <u>Wholesale:</u> DE, MA, ME, MO, WY</li> <li>• Interest Only loans are <u>not</u> allowed in Illinois (all channels)</li> </ul> <p>State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p>
<b>Gift Funds / Gifts of Equity</b>	Not allowed
<b>Income</b>	<p>Loans qualified under NQM Investor are classified as business loans. Appendix Q and ATR requirements do not apply. A traditional DTI is not calculated for NQM Investor, and a 4506-C is <u>NOT</u> required. Rather, income used to qualify the borrower is based upon cash flow from the property. As such, a Debt Service Coverage Ratio (DSCR) is calculated in order to determine if the borrower qualifies.</p>

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	<p><b><u>Debt Service Coverage Ratio (DSCR):</u></b></p> <ul style="list-style-type: none"> <li>• The DSCR is calculated by taking 100% (unless otherwise noted) of the gross rents divided by the PITIA of the subject property.</li> <li>• Use the Note Rate to calculate PITIA for fully amortizing fixed rate loans. Use the greater of the Note Rate or the fully-indexed rate to calculate PITIA for fully amortizing ARM loans. Use the greater of the Note Rate or the fully-indexed rate amortized over the remaining non-interest only term to calculate PITIA for interest only ARM loans.</li> <li>• Minimum DSCR: 1.00</li> </ul> <p><b><u>Gross Rent Requirements:</u></b></p> <ul style="list-style-type: none"> <li>• <b>Purchase:</b> Obtain Appraisal Form 1007 and use 100% of the gross market rent in DSCR calculation.</li> <li>• <b>Refinance:</b> Obtain both a current lease agreement + most recent 3 months' rent receipts for the subject property and Appraisal Form 1007. An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed. Gross market rent used in the DSCR calculation must come from the <u>lesser</u> of the lease agreement or Appraisal Form 1007. However, if the lease agreement is higher than the gross market rent on Appraisal Form 1007, gross market rent from the lease agreement may be used provided the lease agreement/rent receipts are within 10% tolerance of the market rent on Appraisal Form 1007.</li> </ul> <p><b><u>Note:</u></b> If refinancing a vacant property, a 25% Vacancy Factor must be applied to the gross market rent on Appraisal Form 1007 prior to calculating the DSCR.</p> <p><b><u>Short-Term Rentals:</u></b> 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. Most recent months must be consistent with receipt patterns over the last 24 months.</p> <p><b><u>Experience Managing Investment Property:</u></b> Most borrowers must own a primary residence and have a history of owning and managing commercial or residential investment real estate for the most recent 12 months. An example of evidence includes a CPA letter confirming that a prior Schedule E was filed and reflected rental property, the year the tax return was filed, and identification of the investment property address filed on Schedule E. In conjunction, a property profile report should be obtained to confirm the borrower had ownership of the investment property identified by the CPA.</p> <p>If the aforementioned experience requirements cannot be met and/or the borrower is a first time investor, the following requirements must be met:</p> <ul style="list-style-type: none"> <li>• Must own a primary residence</li> <li>• Minimum 700 FICO</li> <li>• Maximum LTV 75% or maximum for loan amount bucket (whichever is less)</li> <li>• Additional 3 months of reserves required</li> <li>• Maximum loan amount of \$1,500,000</li> </ul> <p><b><u>Borrower Affirmation:</u></b> Borrowers must acknowledge the loan is a "business purpose loan" by signing the <i>Borrower's Intent to Proceed with Loan and Business Purpose Loan Certification</i>.</p>
<p><b>Loan Purpose</b></p>	<p><b><u>Purchase:</u></b> Use lesser of purchase price or appraised value for LTV calculation.</p> <p><b><u>Refinances:</u></b> 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><b><u>Rate/Term Refinance:</u></b> The following are acceptable in conjunction with a rate/term refinance transaction:</p> <ul style="list-style-type: none"> <li>• Paying off the unpaid principal balance of the existing first mortgage</li> <li>• Paying off a purchase money 2<sup>nd</sup> mortgage (closed end or HELOC)</li> <li>• Paying off a non-purchase money 2nd mortgage seasoned at least 12 months (note date to note date):             <ul style="list-style-type: none"> <li>◦ HELOC (Home Equity Line of Credit) must not have cumulative withdrawals exceeding \$2,000 in the last twelve (12) months</li> </ul> </li> <li>• Paying off a PACE (aka HERO) loan</li> <li>• Receiving cash back not to exceed the lesser of 2% of the balance of the new refinance mortgage loan, or \$5,000.</li> </ul> <p><b><u>Cash-Out Refinance:</u></b> 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>

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	<ul style="list-style-type: none"> <li>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 <u>not</u> be counted towards meeting the borrower's 6 month ownership requirement.</li> <li>Subject property purchased within the past 6 months are eligible for a cash-out refinance (provided Fannie Mae Delayed Financing Exception is met)</li> </ul> <p><u>Maximum Cash-Out:</u></p> <ul style="list-style-type: none"> <li>If LTV ≤ 50%, maximum cash-out is unlimited</li> <li>If LTV &gt; 50% and ≤ 75%, maximum cash-out is \$500,000</li> </ul> <p><u>New York Consolidation, Extension &amp; 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"> <li>NY Consolidation, Extension and Modification Agreement (Form 3172)</li> <li>Original Note(s) – Original documents signed by the borrower</li> <li>Gap Note and Gap Mortgage, if applicable</li> <li>Consolidated Note – Original documents signed by the borrower</li> <li>Exhibit A – Listing of all Notes &amp; Mortgages being consolidated, extended and modified</li> <li>Exhibit B – Legal description of the subject property</li> <li>Exhibit C – Copy of the consolidated Note</li> <li>Exhibit D – Copy of the consolidated Mortgage</li> </ul> <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>
<b>Minimum Loan Amount</b>	\$100,000
<b>Mortgage Insurance</b>	Not required
<b>Multiple Financed Properties and Impac Exposure</b>	There is no limitation on the number of financed properties. Borrowers are limited to five (5) loans with Impac not to exceed \$3,000,000.
<b>Non-Arm's Length Transactions</b>	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.
<b>Payment Shock</b>	Not Applicable
<b>Prepayment Penalty</b>	<p>Permitted as follows;</p> <ul style="list-style-type: none"> <li><b>All Channels:</b> AL, AR, AZ, CA, CO<sup>1</sup>, FL, GA, HI, IA, ID, IN<sup>2</sup>, KY, LA, MO, MT, ND, NE, NH, NY*, NV, SC<sup>3</sup>, SD<sup>4</sup>, TN, TX<sup>5</sup>, UT<sup>6</sup>, VA, VT, WI, WV</li> </ul> <p>*Retail: ineligible state.</p> <p><b>Footnotes:</b></p> <ul style="list-style-type: none"> <li><sup>1</sup> <u>Colorado</u>: Interest rate must be &lt; 12%</li> <li><sup>2</sup> <u>Indiana</u>: Fixed rate loans only (ARMs not allowed)</li> <li><sup>3</sup> <u>South Carolina</u>: Loan amount must be &gt; \$225,000</li> <li><sup>4</sup> <u>South Dakota</u>: Refinance transactions only (Purchase transactions not allowed)</li> <li><sup>5</sup> <u>Texas</u>: <ul style="list-style-type: none"> <li>Interest rate must be &lt; 12%, and/or</li> <li>PPP not allowed if loan is high cost under Section 32 or state/county/local jurisdiction</li> </ul> </li> <li><sup>6</sup> <u>Utah</u>: PPP not allowed if loan is high cost under Section 32 or state/county/local jurisdiction</li> </ul> <p>3-year prepayment penalty allowed. Any prepayment within any 36 month period (during the penalty period) that exceeds 20% of the original principal loan amount will trigger a prepayment charge in the amount of 6 months interest on the amount of the prepayment that exceeds 20% of the original balance of the note.</p>
<b>Properties Affected by a Disaster</b>	<p>When the Federal Emergency Management Agency (FEMA) releases a disaster declaration announcement whereby <u>individual assistance</u> 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"> <li>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."</li> </ul>



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	<ul style="list-style-type: none"> <li>• 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.”</li> <li>• 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.</li> <li>• All property inspection products must be dated after the published “incident end date” to allow loan file funding and investor delivery.</li> </ul> <p><b>Required Inspection Product:</b> 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><b>Condo Requirements:</b> 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><b>Damage Indicated on the DAIR:</b></p> <ul style="list-style-type: none"> <li>• 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"> <li>○ The repair items are covered by insurance, <u>AND</u></li> <li>○ 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).</li> </ul> </li> <li>• 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.</li> <li>• Where damage exists to the building of a condo unit and/or the condo project’s common elements, escalate to Enterprise Credit Policy.</li> </ul>
<p><b>Property Types</b></p>	<p><u>Eligible:</u></p> <ul style="list-style-type: none"> <li>• 1 unit attached and detached SFR and PUDs</li> <li>• Condominiums (see non-warrantable exceptions below)</li> <li>• 2-4 units</li> <li>• Leasehold Estates (term of the lease must extend 10 years beyond the date of loan maturity and must otherwise meet Fannie Mae Guidelines)</li> </ul> <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> <li>• Condo hotel</li> <li>• Co-ops</li> <li>• Income producing properties with acreage</li> <li>• Manufactured housing</li> <li>• Modular homes</li> <li>• Working farms, ranches or orchards</li> <li>• Vacant land or land development properties</li> <li>• Properties that are not readily accessible by roads that meet local standards</li> <li>• Properties that are not secured by real estate such as, houseboats, boat slips, timeshares, and other forms of property that are not real estate</li> <li>• Boarding houses</li> <li>• Bed and breakfast properties</li> <li>• Properties that are not suitable for year-round occupancy regardless of location</li> <li>• Properties located in Hawaiian lava zones 1 and 2</li> </ul> <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"> <li>• Acreage greater than 5 acres.</li> <li>• Agricultural zoned property.</li> <li>• Log Homes.</li> <li>• Mixed Use</li> <li>• Properties subject to oil and/or gas leases</li> </ul> <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>

## NQM Investor Program – Underwriting Guidelines

	<ul style="list-style-type: none"> <li>• <b>Established Projects:</b> 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.</li> <li>• <b>New Projects:</b> 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.</li> </ul>
<b>Subordinate Financing</b>	Not allowed
<b>Title Vesting</b>	<p><u>Eligible Vesting:</u> Vesting in the name of an individual(s), an Inter Vivos Revocable Trust or a U.S. based LLC is allowed for all loan programs provided it meets the following requirements:</p> <ul style="list-style-type: none"> <li>• Inter Vivos Revocable Trust: <ul style="list-style-type: none"> <li>○ Must meet Fannie Mae requirements</li> <li>○ Only trusts with natural person members are allowed</li> </ul> </li> <li>• U.S. based LLCs: <ul style="list-style-type: none"> <li>○ The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC</li> <li>○ The borrower(s) on the loan application (1003) must be the same as the managing member and have documented authority to sign on behalf of the entity.</li> <li>○ Only LLCs with <u>natural person members</u> are allowed.</li> </ul> </li> </ul> <p><u>Ineligible Vesting:</u></p> <ul style="list-style-type: none"> <li>• Corporations</li> <li>• Partnerships</li> <li>• 501(c)(3) organizations</li> <li>• Trusts or LLCs whose members include other LLCs, corporations, partnerships, or trusts.</li> <li>• Trusts or LLCs where a Power of Attorney is used.</li> </ul>
<b>Underwriting</b>	Loans must be manually underwritten and fully documented. For additional topics not specifically or fully addressed 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’s Intent to Proceed with Loan and Business Purpose Loan Certification

Date:

Loan #:

Borrower Name:

Mailing Address:

Loan Program:

Property Address:

This document is intended to express your request to proceed with the above referenced loan. If you wish to proceed, please return a signed and dated copy of this document to [ENTER NAME AND ADDRESS OF LOAN OFFICE OR DEPARTMENT].

By signing and returning this document I am confirming I wish to continue with the loan, that the loan is for business purposes and not household purposes, and that the loan proceeds are intended to be used (and will in fact be used) for business purposes only, not for my personal use. I also represent that I do not occupy the property as my primary residence or as a vacation home. I intend to lease or rent the property to a third person. I understand that because the loan will be made exclusively for business purposes, laws applicable to consumer purpose loans, including but not limited to the following, are not applicable to this loan: Truth in Lending Act (15 U.S.C. § 1601 et seq.), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.), Gramm-Leach Bliley Act (15 U.S.C. §6802–6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 et seq.), and Homeowners Protection Act (12 U.S.C. § 4901 et seq.).

By signing below I confirm I have read and understand this document and I intend to continue with the loan, and affirm that the Property is to be a non-owner occupied investment property.

Borrower Name Date

Borrower Name Date

Borrower Name Date

Borrower Name Date

Borrower Name Date

Borrower Name Date