

FHA Overlays

This summary of overlays is being provided as a resource tool to aid in identifying areas in which Impac Mortgage Corp. has additional credit requirements which supplement agency guidelines. This matrix is not intended to replace the more detailed Impac product descriptions. Refer to the applicable Impac guidelines for complete product criteria.

Appraisal	Property Condition Rating of C5 or C6 is ineligible.
Assets	<u>Verification of Deposit</u> A written VOD cannot be standalone documentation. At least one month's bank statement is required with a VOD.
Borrower Eligibility	<p><u>DACA – Deferred Action for Childhood Arrival</u> This immigration policy started in June 2012 allows certain undocumented immigrants to the U.S. who entered the country as minors to receive a renewable two-year period of <u>deferred action from deportation</u> and eligibility for a work permit. The program does not provide a legal status or a path to citizenship. Borrowers in the U.S. via DACA are not eligible for FHA loans.</p> <p><u>Power of Attorney (POA)</u> POA must be recorded POA may not be used on a cash-out loan POA is not allowed on properties held in a trust (Wholesale Only)</p> <p>Non-occupying borrower must always have a qualifying credit score</p> <p><u>Non-Permanent Resident Alien</u> Borrower must have 2 year residence and work history in U.S. prior to application.</p> <p>Ineligible</p> <ul style="list-style-type: none"> • Land Trusts • Non-profit agencies • Governmental entities
Credit	580 minimum credit score <u>FHA Back to Work – Extenuating Circumstances Policy</u> Not Allowed.
Documentation	Document as determined by AUS findings, FHA Manual and Impac guidelines.
Down Payment Assistance	Impac approved Down Payment Assistance programs are eligible. Must also meet FHA guidelines.
Escrow Holdback (aka Repair Completion Escrow)	Correspondent: Repair Escrow for FHA 203(b) Impac will not purchase a loan with an outstanding repair completion escrow. All repairs must be completed prior to sale of the loan to Impac. See Escrow Holdback Policy.
Financing Types	Texas Section 50(a)(6) Equity Cash Out loans are not allowed Energy Efficient Mortgages (EEMs) not allowed One time close (OTC) Construction to Permanent mortgages are ineligible
Geographic Locations/ Restrictions	See respective Retail, Wholesale, Correspondent channel guidelines for eligible states.
High-Cost Mortgage Loans	Impac does not originate or purchase high-cost mortgage loans (12 CFR 1026.32). In addition, loans defined by certain states as “higher priced”, “high cost”, “subprime”, “high risk”, or “high rate, high fee” loans are prohibited.
Income	<p><u>Verification of Employment (VOE)</u> A written VOE cannot be standalone documentation. Pay stub(s) or pay stub(s) and W-2s must always accompany a written VOE.</p> <p><u>4506-T Transcripts</u> IRS Form 4506-T must be executed for all borrowers regardless of income type and is required upfront and at closing. Minimum 2 years most recent transcripts required for all loans</p> <ul style="list-style-type: none"> • Transcripts must match the income documentation used for qualification <ul style="list-style-type: none"> ○ Full transcripts are only required when tax returns are required ○ W2 transcripts are required when only W2s are used to qualify ○ 1099 transcripts are required when only 1099 income is used to qualify

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	<ul style="list-style-type: none"> ○ The above applies to full doc transactions only <p>Tax return transcripts are required for all years of income being used to qualify ** (self-employed, rental income, > 25% commission)</p> <p>Mortgage Credit Certificates (MCC) are not eligible sources of qualifying income</p>		
Manufactured Home Criteria	<p>The following table contains overlays, clarifications, and additions to existing guidelines regarding manufactured homes.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 30%; vertical-align: top;">Restrictions</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • The following are ineligible: <ul style="list-style-type: none"> ○ Non-traditional credit ○ ARMs ○ High Balance loans ○ Re-siting of manufactured home ○ Single Width manufactured home ○ Manufactured home in condominium project ○ Manufactured home on leasehold ○ MFH properties within SFHA (Special Flood Hazard Area) or any property that requires flood insurance </td> </tr> </table> <p>Impac will only allow <u>minimal</u> additions to manufactured homes, such as porches, decks, carports and garages. Any such additions must be inspected by the local agency in charge of inspecting and permitting manufactured homes. If no agency exists, then a structural engineer must certify that the addition/attachment has no negative effect on the structural integrity of the manufactured home.</p> <p>Existing manufactured homes must have been placed on a permanent foundation for a period of one year prior to case number assignment in order to be considered for FHA financing (purchase or refinance).</p>	Restrictions	<ul style="list-style-type: none"> • The following are ineligible: <ul style="list-style-type: none"> ○ Non-traditional credit ○ ARMs ○ High Balance loans ○ Re-siting of manufactured home ○ Single Width manufactured home ○ Manufactured home in condominium project ○ Manufactured home on leasehold ○ MFH properties within SFHA (Special Flood Hazard Area) or any property that requires flood insurance
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Program Exclusions	<p>HUD Section 184/184A Indian Home Loan Guarantee Program HUD Section 248 Mortgages on Indian Land HUD Section 247 Hawaiian Home Lands Assumptions of existing FHA loans Refinance of existing Section 235 Mortgage Energy Efficient Mortgage Program FHA Construction Financing Mortgage Credit Certificates – may not be used for qualifying income Back to Work – Extenuating Circumstances Policy – not allowed Refinance of Borrowers in Negative Equity Positions (also known as Short Refinance) PACE (Property Assessed Clean Energy) loans (aka HERO loans, etc)</p> <ul style="list-style-type: none"> ○ New Purchase loans or refinance of loans with existing HERO/PACE liens (unless those liens are completely paid off at closing) 		
Property Types	<p>Ineligible</p> <ul style="list-style-type: none"> • Co-ops • Leasehold • Properties with greater than 25 acres • Uniquely designed properties such as dome homes, log cabins, earth berms, and underground homes • On-frame modular homes are not allowed • Fee simple land within the bounds of Indian reservation land or under jurisdiction of tribal council or laws 		
Streamline	<p>Non-credit qualifying only (except when removing a borrower from existing FHA loan) N/O limited to one-unit non-credit qualifying streamline</p>		
Tax Returns	<p>Amended tax returns must have 6 months seasoning prior to application date. Tax returns filed within 6 months of loan application date for any years in which tax returns are used to validate income are not acceptable. Amended tax returns must be processed and validated with IRS transcripts. “Stamped” filed amendment documentation is not acceptable.</p>		
Temporary buy downs	<p>Not allowed</p>		