

Lender Paid vs Borrower Paid Compensation Update

February 10, 2014

This Announcement has important information take a moment to read; this includes the following:

- Lender Paid Broker Compensation versus Borrower Paid Compensation
- Reducing Compensation due to “Unforeseen” Circumstances
- QM Points and Fees Calculator
- GFE Block 1 and 2 Calculator

Effective with this announcement, Impac Mortgage is making the following change pertaining to Lender Paid and Borrower Paid Compensation:

- At the time of application, when the initial Good Faith Estimate (GFE) is received by Impac, the Broker may choose between Borrower Paid Compensation **or** Lender Paid Compensation.
- If the Broker selects Borrower Paid Compensation, the amount may be less than the lender paid compensation agreement with Impac.
 - If the Broker negotiates directly with the Borrower in-lieu of the Lender Paid Broker Compensation the cost must be included Block 1 (i.e., \$1,400).
- If the Broker selects Lender Paid Compensation, the amount must match the lender paid compensation agreement with Impac and cannot be reduced.
- Once the initial disclosures are issued, changing from Lender Paid Compensation to Borrower Paid Compensation or vice versa is not allowed.
- When GFE re-disclosures are requested, the amount of the broker compensation cannot change, regardless if it is borrower paid or lender paid, unless there is an “unforeseen” circumstance. A valid “unforeseen” circumstance only allows the compensation to be decreased.

Impac defines “unforeseen” circumstances to include, but not limited to, the following:

- Loan amount change,
- Property type change (single family unit to 2 to 4 units; single family unit to condominium, condominium to PUD),
- Property value change,
- Discovery of undisclosed unreleased liens affecting title settlement costs,
- Lender quotes basic owner’s title insurance policy charge; however, borrower chooses an enhanced owner’s title policy,
- Credit quality change due to new information received (FICO, DTI, income change, etc.),
- Parties added or removed from title,

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- Unique property not known or not disclosed at time of application which affects the cost of the appraisal,
- Acts of God, war, disaster, or other emergency (i.e., any President declared federal disaster – fires, flooding, earthquake, hurricane, tornado, etc.), or
 - Underwriting requirements for additional services (i.e., pest, structural inspection, upgraded appraisal, survey, flood insurance, etc.).

To assist Brokers in calculating GFE Block 1 and 2, and the QM Points and Fees Test, Impac is providing the attached QM Points and Fees Worksheet that is posted on Impac's wholesale website at www.impactwholesale.com. Note that the worksheet tabs include the following:

- QM Points and Fees Test Calculator
- GFE Block 1 and Block 2 Calculator

To assist you in completing the worksheet, two sets of instructions are attached:

- Instructions: QM Points and Fees Calculator and GFE Block 1 and Block 2 Calculator
- Instructions: Wholesale GFE with Lender Paid Compensation Using Loan Sifter

If you have questions, please contact 855-GO-IMPAC (855-464-6722)