IMPAC Mortgage Corp. WHOLESALE

iQM

iQM Asset Qualification Program – Underwriting Guidelines

Underwriting Philosophy
Impac takes a common sense approach to underwriting a borrower's creditworthiness to determine the willingness and ability to repay the loan. Each applicant has a different situation and each loan is weighed on its own merits. Our goal is to help good borrowers with their financing needs while mitigating risk for the company. The iQM programs are high risk loans. Impac will only approve loans for which the company has a reasonable belief that the borrower has the ability to repay the subject loan. This reasonable belief is based upon information provided by or independently verified by an independent third party. Any irregularity in borrower profile, documentation provided, or property used to support the debt may be cause for denial of the loan.

Program Highlights

<u>**Asset Qualification**</u>

- Borrowers are qualified based on verified liquid assets
- Loan amounts up to $3 million
- Minimum 600 credit score
- No employment or income on 1003
- 4506T not required
- Debt to Income (DTI) Ratio not calculated

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 iQM Series programs.

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 regards to any underwriting criteria not specifically addressed in this document, Fannie Mae standards apply.

Program Qualifications
This program is designed for borrowers who have <u>significant verifiable assets</u> and would benefit from alternative loan qualification methods. <u>Asset statements alone</u> (no debt to income ratio is required) may be used by high net worth individuals for qualification.

Eligibility Matrix Loan Amount & LTV Limitations

Primary Residence - Purchase and Rate & Term Refinance

Units	Credit Score	LTV[1]	CLTV/HCLTV[1,2]	Minimum Loan Amount	Maximum Loan Amount
1 unit	680	90%*	90%*	$100,000	$1,500,000
1-4 units	680	80%	80%		$1,750,000
		75%	75%		$2,000,000
		70%	70%		$2,500,000
		60%	60%		$3,000,000
	600	75%	75%		$750,000
		65%	65%		$1,000,000
		55%	55%		$1,500,000

* see below

Primary Residence Cash-Out Refinance

Units	Credit Score	LTV[1]	CLTV/ HCLTV[1,2]	Minimum Loan Amount	Maximum Loan Amount
1 unit	680	85%*	85%*	$100,000	$1,000,000
1-4 units	680	80%	80%		$1,500,000
1-4 units	680	70%	70%		$2,000,000
		60%	60%		$2,500,000
	600	70%	70%		$750,000
		60%	60%		$1,000,000
		50%	50%		$1,500,000

*- Loans with > 80% LTV/CLTV must meet the following parameters:

- Minimum 680 score
- 1-unit single family, PUD, or condo (no non-warrantable condos)
- Minimum 4 years since major derogatory event: Bankruptcy, Short Sale, Deed-in-Lieu, Mortgage Charge-off, Foreclosure
- Mortgage Lates: 0x30x12
- 6 months minimum reserves (may not be waived)

Second Home – Purchase and Rate & Term Refinance

Units	Credit Score	LTV[1]	CLTV/ HCLTV[1,2]	Minimum Loan Amount	Maximum Loan Amount
1-2* Unit	720	80%	80%	$100,000	$1,000,000
		70%	70%		$1,500,000
		60%	60%		$2,500,000
	680	80%	80%		$750,000
		70%	70%		$1,000,000
		60%	60%		$2,000,000
	600	70%	70%		$750,000
		60%	60%		$1,000,000
		50%	50%		$1,500,000

***2-unit second homes must be in a recognized vacation area (see *Occupancy*)

Second Home – Cash-Out Refinance

Units	Credit Score	LTV[1]	CLTV/ HCLTV[1,2]	Minimum Loan Amount	Maximum Loan Amount
1-2* unit	720	75%	75%	$100,000	$750,000
		65%	65%		$1,500,000
		55%	55%		$2,000,000
	680	70%	70%		$750,000
		60%	60%		$1,000,000
		50%	50%		$2,000,000
	600	65%	65%		$750,000
		55%	55%		$1,000,000
		45%	45%		$1,500,000

***2-unit second homes must be in a recognized vacation area (see *Occupancy*)

Investment Property – Purchase and Rate & Term Refinance

Units	Credit Score	LTV[1]	CLTV/ HCLTV[1,2]	Minimum Loan Amount	Maximum Loan Amount
1-4 Units	720	80%	80%	$100,000	$1,000,000
		70%	70%		$1,500,000
		60%	60%		$2,500,000
	680	80%	80%		$750,000
		70%	70%		$1,000,000
		60%	60%		$2,000,000
	600	70%	70%		$750,000
		60%	60%		$1,000,000
		50%	50%		$1,500,000

Investment Property – Cash-Out Refinance

Units	Credit Score	LTV[1]	CLTV/ HCLTV[1,2]	Minimum Loan Amount	Maximum Loan Amount
1-4 Units	720	75%	75%	$100,000	$750,000
		65%	65%		$1,500,000
		55%	55%		$2,000,000
	680	70%	70%		$750,000
		60%	60%		$1,000,000
		50%	50%		$2,000,000
	600	65%	65%		$750,000
		55%	55%		$1,000,000
		45%	45%		$1,500,000

Footnotes:

1 New or newly converted condo projects in Florida are limited to 60% LTV/CLTV/HCLTV.

2 HELOC Combined Loan to Value (HCLTV) uses the full line amount for HCLTV calculation, regardless of amount drawn.

Product Description

- 5/1, 7/1, and 10/1 LIBOR ARMs, fully amortizing
- Interest Only available for fixed rate period on ARMs
- 15 and 30 year fixed rate, fully amortizing

Product Codes

Fully Amortizing

Hybrid ARM	Product Code
5/1 ARM	IA51AS – iQM Asset Qualification Program 5/1 LIBOR ARM
7/1 ARM	IA71AS – iQM Asset Qualification Program 7/1 LIBOR ARM
10/1 ARM	IA101AS – iQM Asset Qualification Program 10/1 LIBOR ARM
Fixed	
15 Year	IF15AS – iQM Asset Qualification Program 15 Year Fixed
30 Year	IF30AS – iQM Asset Qualification Program 30 Year Fixed

Interest Only

Hybrid ARM	Product Code
5/1 ARM	IA51ASIO - iQM iQM Asset Qualification Program 5/1 LIBOR ARM Interest Only
7/1 ARM	IA71ASIO – iQM iQM Asset Qualification Program 7/1 LIBOR ARM Interest Only
10/1 ARM	IA101ASIO – iQM iQM Asset Qualification Program 10/1 LIBOR ARM Interest Only

Eligibility Requirements

Adjustable Rate Details

Interest Rate Adjustment Caps	5/1, 7/1 & 10/1 ARM Initial: 2% up; Subsequent: 2% up/down; Lifetime: 5% up
Margin	See rate sheet
Index	1-Year LIBOR (London InterBank Offer Rate)
Index Establish Date	45 days prior to the change date (aka "look back period")
Interest Rate Floor	Note Start Rate
Conversion Option	None
Assumption	ARM products are assumable to a qualified borrower after the fixed term
Negative Amortization	None
Interest Only Option	Interest Only Option available for fixed period of ARMs

Appraisal Requirements

The underwriter may require additional collateral review.
Properties with a condition rating of C5 or C6 are not acceptable.

Appraisal transfers are allowed.

Loan Amount	Appraisal Requirement
≤ $1,000,000	One Full Appraisal
> $1,000,000	Two Full Appraisals
All properties For Sale By Owner (FSBO) w/LTV > 75%	Two Full Appraisals

Additional Collateral Valuation Requirement – Two Options

Option #1

A Pro Teck Valuation Services Appraisal Risk Review (ARR) **or** a Clear Capital Collateral Desktop Analysis (CDA) supporting the value within 10% (higher or lower than appraised value) will be required when the Appraisal Requirement is One Full Appraisal. If variance exceeds 10% then a field review ordered from one of the following providers will be required:

- Class Appraisal
- Clear Capital
- Consolidated Analytics
- Direct Valuation Solutions, Inc. (DVS)

	• Property Science
	• Springhouse Valuations (AltiSource)
	
	A field review from <u>any</u> of the above providers is acceptable in lieu of an ARR or CDA.
	
	If a field review is obtained there is a 5% tolerance as follows:
	• If the field review value is ≤ 5% below the appraised value, use the appraised value for LTV calculations
	• If the field review value is more than 5% below the appraised value, a second appraisal is required.
	  o Use the lower value of the two appraisals for LTV calculations
	
	When two (2) appraisals are provided, an ARR or CDA is not required. The lower value of the two appraisals will be utilized.
	
	<u>Option #2</u>
	Impac will accept a Fannie Mae Collateral Underwriter (CU) appraisal review that meets the following:
	• 1-unit property only (This is a CU limitation)
	• Loan amount ≤ $679,650
	• CU Risk Score of 2.5 or less
	When an acceptable CU is provided, an ARR or CDA is not required.
	
	Condos and PUDs must meet FNMA requirements. See *Property Types* section for additional information.
	
	<u>Unpermitted additions</u>
	All of the following apply:
	• Must obtain a “cost to cure”
	• Must review the LTV (including cost to cure) fits within guidelines
	  o If a guideline maximum is 80% and the current LTV is 75% and the cost to cure equals 2% of the value of the home, the loan would be approved without an exception, as the LTV is still within guidelines.
	  o If the cost to cure drives the LTV over the maximum LTV limit, the loan would not be eligible unless the home was converted back to the original state with a completion certificate in the file.
	• Obtain typical comparable sales for value of the home, but would not require similar improvements
	• Unpermitted improvement may not increase the value of the home (hence the cost to cure)
	
	Note: The ECOA Valuations Rule requires copies of appraisals and other written valuations be delivered to borrower promptly upon completion, or three (3) business days before consummation, whichever is earlier.
	
	See *Higher Priced Mortgage Loan (HPML)* for additional restrictions.

Appraiser Requirements	Impac will not accept appraisals from appraisers on probation with any regulatory agency. No exceptions.
Assets	Borrower must have sufficient liquid assets available for down payment, closing costs and reserves. Funds must be sourced and seasoned for two (2) months and the most recent consecutive statements (all pages) or the most recent quarterly statements are required. See *Income/Asset Verification – Asset Qualification* for reduced valuation of assets (e.g., stocks, bonds, and mutual funds) when using this program. <u>Foreign Assets are not allowed for qualification</u> <u>Like-Kind Exchanges</u> Assets for the down payment from a “like-kind exchange,” also known as a 1031 exchange, are eligible if properly documented and in compliance with Internal Revenue Code Section 1031 (FNMA B3-4.3-10). Funds for down payment, closing and reserves must be verified, sourced and seasoned for 2 months. See *Documentation* for borrower’s loan qualification requirements See *Reserves* for requirements and limitations. See *Business Funds* for eligibility. **<u>Additional Requirements – Asset Qualification</u>**

	• Reserve requirement is in addition to the residual assets needed to cover debts for sixty (60) month period. These debts include mortgage related debt such as taxes, insurance, HOA dues and special assessments. • See *Documentation* for specific requirements. Restricted Stock Units (RSUs) are not eligible for assets or reserves.
Assumptions	ARM products are assumable to a qualified borrower after the fixed term.

Borrower Eligibility	<u>Eligible</u>
	• U.S. Citizens
	• Permanent Resident Aliens; provide evidence of lawful residency and must meet all the same credit standards as U.S. citizens.
	  ○ A copy of the borrower's identification is required to verify the acceptable documentation that evidences the borrower is eligible to lawfully reside in the U.S.
	  ○ Valid Green card, showing continuous time remaining for at least 12 months.
	  ○ Borrower must be employed in U.S. for the last 24 months or have acceptable education documentation (e.g., college transcripts) combined with employment to total at least 24 months
	• Inter Vivos Revocable Trust – must meet FNMA guidelines, see *Title/Vesting*.
	  ○ A power of attorney is not allowed when signing mortgage documents related to an inter vivos trust
	• Non-Permanent Resident Alien
	• First Time Home Buyer – allowed with restrictions, see *First Time Home Buyer*
	
	See *Power of Attorney* for additional restrictions.
	
	<u>Ineligible:</u>
	• Borrowers with a <u>U.S. student visa</u> are ineligible for <u>all iQM programs</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
	• Corporations, LLCs, Partnerships

Business Funds	Business funds are not to be included in the total available asset calculation or qualifying calculation **<u>unless</u>** the business is functioning as an investment vehicle for personal investment. Additional documentation (e.g., business tax returns) would be required. The Asset Qualification option is intended for use with Personal Assets only. 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 Requirements	Always use the appraised value for LTV calculation on a refinance transaction. There is no ownership seasoning requirement for a cash-out refinance when at least one borrower on the new loan is an original purchaser. There is no seasoning requirement when additional borrowers are added to title **<u>so long as at least one borrower from the original purchase will be a borrower on the new loan.</u>** • If a borrower is on title without any original purchasers, the borrower must wait 6 months to do a cash out refinance. • If a property is titled in an LLC and the borrower(s) are 100% owners of the LLC, then title may be transferred to the individual borrower(s) for purposes of refinance without a waiting period. (Example: Husband and wife are 100% owners of LLC. They can deed property to themselves as individuals to do a refinance without a waiting period, so long as the LLC has been on the existing loan for 6 months. ○ If the LLC has more than one member and only one member will be on the new loan, then the member who receives title must wait 6 months to do a cash-out refinance. When the appraised value exceeds purchase price by more than 20% **and** the subject property is currently owned for less than 6 months (at time of application date), the appraisal must provide detailed and substantial commentary to support the increase in value. Note: The following items may be paid off with proceeds from a <u>Rate/Term refinance</u>: • Non-purchase money seconds with 12 month seasoning • HELOCs (Home Equity Line of Credit) with total withdrawals not exceeding $2,000 in the last twelve (12) months A refinance of a prior cash-out loan within 6 months is allowed to be classified as a rate/term refinance.

Co-Borrowers	Non-occupant co-borrowers allowed with a 5% reduction in maximum LTV.

Credit	All borrowers must have a minimum credit score of **<u>600.</u>**
	• 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, that is the representative score for the borrower
	• The representative score for the loan is the lowest representative score of the borrowers.
	
	<u>Each of the following credit components impacts the borrower's ability to repay the loan:</u>
	• Borrowers must have a minimum of 3 trade lines on the credit report. 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 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 – 1x30 during the past 12 months
	  ○ This applies to all mortgages on all properties
	  ○ (See *Loan Modification* for refinancing loans with prior modifications)
	  ○ No Notice of Default (NOD) filed on <u>any property</u> in the past 12 months
	  ○ Rental history must be documented by a direct verification of rent (VOR) by a professional management company and/or private party. If the VOR is provided by a private party, 12 months cancelled checks or 12 months bank statements must be provided to document rents.
	  ○ See *First Time Home Buyer*
	  ○ Verification of mortgages that do <u>not</u> appear on credit report:
	    ▪ Institutional lender – Written VOM
	    ▪ Private lender – 12 months cancelled checks
	
	• Bankruptcy (Ch. 7, 11 and 13), Short Sale, Deed-in-Lieu, Charge-off of Mortgage Accounts – None less than four (4) years
	  ○ Bankruptcy, Short Sale, Deed in Lieu, Charge-off of Mortgage Accounts ≥ 2 years and < 4 years is acceptable with the following compensating factors:
	    ▪ Maximum 70% LTV or existing guidelines, whichever is lower
	
	• Foreclosure – None in the last four (4) years
	  ○ Foreclosure ≥ 3 years and < 4 years is acceptable with the following compensating factors:
	    ▪ Maximum 70% LTV or existing guidelines, whichever is lower
	
	• Judgment/Tax Lien/Collections/Charge-Offs
	  ○ Judgments and Tax Liens must be paid
	  ○ Medical collections are excluded regardless of amount
	  ○ Any new charge-offs or non-medical collections within the last 12 months greater than $1,000 per trade line, or the cumulative amount is greater than $2,000, must be paid off.
	
	• Consumer Credit Counseling – Borrowers who have experienced credit or financial management problems in the past may have elected to participate in consumer counseling sessions to learn how to correct or avoid such problems in the future. Whether borrowers have or have not completed participation in the sessions before closing on the mortgage transaction is not relevant since it is the borrower's credit history that is of primary importance. (FNMA B3-5.2-01)
	
	• Disputed Accounts – Disputed accounts are reviewed to determine <u>current balance</u> and <u>derogatory information</u> (a 30-day or more delinquency) <u>within 2 years prior to the credit report date</u>:
	  ○ Zero balance and no derogatory information – no action required
	  ○ Zero balance and derogatory information - remove and pull new credit report
	  ○ A positive balance and no derogatory information – remove and pull new credit report
	  ○ A positive balance and derogatory information – remove and pull new credit report
	A credit supplement is not allowed to document disputed accounts.
	
	• See *Liabilities* for additional information
	
	Underwriters will evaluate the borrower's liabilities to help assess Ability to Repay. These will include:
	• The monthly payment on any simultaneous loan
	• The consumer's monthly payment for mortgage-related obligations
	• The consumer's current debt obligations, alimony, and child support
	
	Underwriters should consider the following:

	• Credit limits, usage and overall credit profile should be considered and evaluated to be consistent with the income established for qualifying purposes.
Disaster Declarations and Recertification	Whenever an area is declared a disaster area, the Federal Emergency Management Agency (FEMA) releases disaster declaration announcements. FEMA makes available individual and public assistance when a disaster occurs. If an area containing the subject property is eligible to receive **individual assistance and/or public assistance**, as designated by FEMA, the property will require a recertification of value as follows: • An appraisal completed in an area *after the disaster declaration was released* (incident date) does not require a recertification. Ideally, the appraiser will comment that the property is free from damage and the disaster had no effect on the property. • If the appraisal was completed *prior to the disaster*, at a minimum a re-inspection stating the property is free from damage and the disaster had no effect on the property value and marketability is required (including exterior photos of the property). ○ Payment for necessary re-inspections will be the responsibility of the borrower or seller Interior photos may be required on a case-by-case basis The re-certification must be obtained as promptly as possible (but not until after the disaster is active) in order to ensure a timely closing, funding (and purchase if applicable) of the loan.
Documentation	Full Asset Documentation is required for both funds to close and reserves. 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. Large month-to-month changes in asset totals during the six (6) month period may require additional explanation and documentation. A completed iQM Asset Qualification Worksheet (*worksheet is located on last page of guidelines*) must be submitted with the loan package. No Section 32 High Cost Loans will be allowed. In addition, loans defined by certain states as "higher priced", "high cost", "subprime", "high risk", or "high rate, high fee" loans are prohibited. Section 35 Higher Priced Mortgage Loans will be allowed subject to mandatory impound accounts for 5 years and no property flipping. The borrower must acknowledge their ability to repay the loan by signing the *Borrower Affirmation* document at closing. *Borrower Affirmation – Asset Qualification* is attached to these guidelines. See *Power of Attorney* for additional restrictions
Escrow Holdback	Escrow holdbacks are allowed for weather related repairs on purchase transactions only. • Allowable repairs are the lesser of 5% of value or $10,000 (before multiplying by 1.5) • Escrow withhold amount must be at least 1.5 times the cost of repairs ○ Example: $5,000 repairs x 1.5 = $7,500 total escrow withhold amount • Other Impac repair escrow policies and procedures apply • Maximum escrow holdback amount is $15,000
Escrow Waivers	Impounds are not required unless the loan is a higher-priced mortgage loan (HPML) transaction. HPML transactions require a minimum 5 year escrow period (CFPB TILA Escrow Rule).
First Time Home Buyer	First Time Home Buyer is defined as a borrower who had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. No rental or mortgage history is required. See *Housing History*.
Geographical Locations/Restrictions	Eligible states are as follows: • All states* (including DC) are eligible except: ○ DE, ME, MA, RI, WY ○ Interest Only Restriction – Interest Only loans are not allowed in Illinois • Although Impac is licensed in New York, we are not currently taking applications. Please check back periodically. Additional restrictions as follows: **Hawaiian Lava-Flow Hazard Zones** – The U.S. Geological Survey (USGS) categorizes the island of Hawaii into

	nine "lava zones" based on each zone's probability of exposure to lava flows caused by volcanic eruption. Properties in lava zones 1 and 2 are not eligible for loans funded or purchased by Impac Mortgage Corp. due to increased risk of property destruction from lava flows within these areas. The Hawaii Lava-Flow Hazard Zone Map can be accessed at: http://hvo.wr.usgs.gov/hazards/FAQ_LavaFlowHazardZone/ and http://pubs.usgs.gov/mf/1992/2193/ State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.
Gift Funds / Gifts of Equity	Gift funds and gifts of equity are **not allowed**
Higher Priced Mortgage Loan (HPML)	See *Escrow Waivers* HPML only applies to principal residences. Use the FFIEC Rate Spread Calculator to help determine Higher Priced Mortgage Loan (HPML) status: https://www.ffiec.gov/ratespread/newcalc.aspx The calculator requires: Lock-In Date, APR, and the fixed term of the mortgage (in years). A loan is "higher priced" if: • It is a first-lien mortgage (other than a jumbo loan) with an Annual Percentage Rate (APR) that exceeds the published Average Prime Offer Rate (APOR) at the time the APR is set (lock date) by ≥ 1.5 percentage points. • It is a first-lien jumbo loan with an APR that exceeds the APOR at the time the APR is set (lock date) by ≥ 2.5 percentage points. • Jumbo loans are defined as those loans greater than the Freddie Mac limit for mortgages it will purchase **Property Flipping with HPML is Ineligible – see below** Limitations on HPML loans for resale transactions within 180 days When a second appraisal is required per the TILA HPML Appraisal Rule the loan is **considered on a case by case basis.** For principal residences, when the price reflected in the buyer's purchase agreement is more than a certain amount higher than the seller's acquisition price, the rule requires a second appraisal. These amounts are: • More than a 10% increase if the seller acquired the property in the past 90 days; • More than a 20% price increase if the seller acquired the property in the past 91 to 180 days • See the CFPB TILA HPML Appraisal Rule for exemptions from this requirement.
Housing History	There is no requirement for rent or mortgage history for this program. Example: Borrower can be a first time home buyer without any rental history. However, if the borrower has rent or mortgage history, it must meet credit requirements.
Income/Asset Verification	Cash out proceeds from the subject transaction may not be used for qualifying or for reserves on this program. Employment and Income are not required to be disclosed on the 1003 loan application. If not disclosed, please enter "Not applicable to this loan" in the respective fields. Business phone number must be reflected on the 1003 (for consumer contact purposes only). Assets must be verified sufficient to cover the loan amount request with sufficient additional assets to cover all revolving, installment, alimony/child support, and mortgage related expenses for a period of no less than five (5) years, plus the separate reserve requirement based on loan amount listed in the *Assets* section of these guidelines. 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 additional reserve calculation is not allowed. Paying off installment debt completely is allowed. **Important:** The ending balance on the most recent asset statement(s) must be sufficient to cover the required assets including: • Loan Amount Request • Down payment • Closing Costs and Prepaids • Five (5) years of other debt/expenses described above

- Separate reserve requirement

Eligible Asset Types (Loan Qualification)
Considered assets must be comprised of the following readily marketable assets which must be available to the borrower and are limited as follows:

- Bank Deposits – Checking, Saving, Money Market accounts = 100%
- Publicly traded stocks and bonds = 90% (stock options not allowed)
- Mutual Funds = 90%
- Retirement Accounts
  - 401(K) plans or IRA, SEP or KEOUGH accounts = 80%
    (These can only be used if distribution is not already set up)

  Note: Assets must be in liquid or semi liquid form, no privately held stock, deferred compensation or non-regulated financial companies.

Note: For eligible asset types, any debt tied to that asset must be netted out. Example: Stocks bought on margin or 401K loan against the 401K account.

Ineligible Asset Types

- Business funds
- Non-liquid assets (automobiles, artwork, business net worth etc…)
- Life insurance – Face Value not allowed
  - Cash value of a vested life insurance policy is allowed at 100%
  - When used for reserves the cash value must be documented but does not heed to be liquidated or received by borrower.
- Annuities of any type are not allowed

Example #1:

Loan amount: $300,000
Closing Costs/Prepaids: $15,000
Principal and Interest (P & I) for subject = $2,000

Verified Assets:

- $200,000 Checking and Savings (100% usable) = $ 200,000
- $300,000 Stocks and Bonds (90% usable) = $ 270,000
- $400,000 401K (80% usable) = $ 320,000
- $300,000 Mutual Funds (90% usable) = $ 270,000

Total allowable assets = $1,060,000

$1,060,000 (allowable assets) minus $315,000 (loan amount + closing costs/prepaids) = $745,000 residual assets

Total of monthly debt (revolving, installment, alimony/child support, hazard insurance, property tax on the subject property, etc.) excluding subject P&I = $2500
$2,500 X 60 months = $150,000.

Required reserves (See *Assets*) = 3 months x $2,000 (P & I) = $6,000

Since the residual assets ($745,000) are **more** than the required funds to cover all other debt for 60 months ($150,000) plus required reserves ($6,000), the loan qualifies for the program.

Example #2:

Loan amount: $300,000
Closing Costs/Prepaids: $15,000
Principal and Interest (P & I) for subject = $2,000

Verified Assets:

- $10,000 Checking and Savings (100% usable) = $ 10,000
- $250,000 Stocks and Bonds (90% usable) = $225,000
- $120,000 Mutual Funds (90% usable) = $108,000

Total allowable assets = $343,000

$343,000 (allowable assets) minus $315,000 (loan amount + closing costs/prepaids) = $28,000 residual assets

Total of monthly debt (revolving, installment, alimony/child support, hazard insurance, property tax on the subject property, etc.) excluding subject P&I = $700.00

	\$700 X 60 months = \$42,000. Required reserves (See *Assets*) = 3 months x \$2,000 (P & I) = \$6,000 Since the residual assets (\$28,000) are **less** than the required funds to cover all other debt for 60 months (\$42,000) plus required reserves (\$6,000), the loan ***does not*** qualify for the program. Restricted Stock Units (RSUs) are not eligible for income or reserves.
Interest Only	Interest-only payments are allowed on the hybrid ARMs only (i.e., 5/1, 7/1, 10/1) during the fixed rate period of the loan. See *Product Codes* for the appropriate program code.
Interested Party Contributions (IPCs) / Seller Concessions	Interested party contributions (IPCs) are costs that are normally the responsibility of the property purchaser that are paid directly or indirectly by someone else who has a financial interest in, or can influence the terms and the sale or transfer of, the subject property. (FNMA B3-4.1-02) Interested parties include, but are not limited to, the property seller, the builder/developer, the real estate agent or broker, or an affiliate who may benefit from the sale of the property and/or the sale of the property at the highest price possible. A lender or employer is not considered an interested party to a sales transaction unless it is the property seller or is affiliated with the property seller or another interested party to the transaction. **IPC Limits** <table><tr><th>Occupancy Type</th><th>LTV/CLTV Ratio</th><th>Maximum IPC</th></tr><tr><td rowspan="2">Principal residence or second home</td><td>75.01% - 90%</td><td>6%</td></tr><tr><td>75% or less</td><td>9%</td></tr><tr><td>Investment property</td><td>All CLTV ratios</td><td>2%</td></tr></table>
Liabilities	(FNMA B3-6-05) Alimony/Child Support/Separate Maintenance Payments – When the borrower is required to pay alimony, child support, or maintenance payments under a divorce decree, separation agreement, or any other written legal agreement – and those payments must continue to be made for more than 10 months – the payments must be considered as part of the borrower's recurring monthly debt obligations. However, voluntary payments do not need to be taken into consideration. (FNMA 3-6-05) Home Equity Lines of Credit (HELOC) – When a borrower has a home equity line of credit (HELOC) that provides for a monthly payment of principal and interest or interest only, the payment on the HELOC must be considered as part of the borrower's recurring monthly debt obligations. If the HELOC does not require a payment, there is no recurring monthly debt obligation so the lender does not need to develop an equivalent payment amount. Installment Debt – All 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 ten monthly payments remaining. Installment loans that are being paid off or paid down to 10 or fewer remaining monthly payments do not need to be included in the borrower's long-term debt. However, an installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly affects the borrower's ability to meet his or her credit obligations. Lease Payments – Lease payments must be considered as recurring monthly debt obligations regardless of the number of months remaining on the lease. This is because the expiration of a lease agreement for rental housing or an automobile typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house. Revolving Charge/Lines of Credit – Revolving charge accounts and unsecured lines of credit are open-ended and should be treated as long-term debts and must be considered part of the borrower's recurring monthly debt obligations. These trade lines include credit cards, department store charge cards, and personal lines of credit. Equity lines of credit secured by real estate should be included in the housing expense. If the credit report does not show a required minimum payment amount and there is no supplemental documentation to support a payment of less than 5%, the lender must use 5% of the outstanding balance as the borrower's recurring monthly debt obligation. If a revolving account balance is to be paid off at or prior to closing, a monthly payment on the current outstanding balance does not need to be included in the borrower's long term debt (DTI ratio). Such accounts do not need to be closed as a condition of excluding the payment from the DTI ratio. Student Loans – If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may

<table>
<tr><td></td><td>use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.

If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below:
If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is $0. The lender may then qualify the borrower with a $0 payment.
For deferred loans or loans in forbearance, the lender may calculate:
A payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or
A fully amortizing payment using the documented loan repayment terms.
<u>Open 30-day accounts</u>
An open 30-day account may be excluded from debt-to-income ratios so long as borrower has assets to pay the account in full. The verified funds must be in addition to any funds required for closing costs and reserves.</td></tr>
<tr><td>Limitations on Other Real Estate Owned</td><td><u>Loan/Property restrictions per borrower are as follows:</u>
Borrowers limited to eight (8) loans with Impac not to exceed $2,000,000.
If borrower only has one (1) loan with Impac, including the subject property, that loan may exceed $2 million (up to the guideline maximum herein).
Borrowers with > 15 financed properties are not eligible for <u>any</u> 2nd home or investment property transactions (purchase, rate/term, or cash-out)
Borrower may have Impac financing on a maximum of 10% of the properties in a PUD or condominium project.
For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed
<u>Impac financing is limited to a maximum overall concentration of 20% in any Florida condominium project. This limitation is per project and not per borrower.</u>

Ownership of NOO properties requires additional reserves and a <u>positive cash flow</u> requirement.
If the positive cash flow requirement is not met, additional residual assets will be required.

An investment property owned by the borrower must show a positive cash flow (100% rent vs PITIA).
This may be cumulative if multiple properties are owned. Leases will be required.
<u>Rents are derived from the rental/lease agreement</u>. A Form 1007 market rent schedule is not required.

Gross Rent = $1200
PITIA for this property must be <u>less than</u> $1200 per month (i.e., positive cash flow)

This calculation may be <u>cumulative</u> for all rents and all PITIAs when more than one NOO is owned.

Here is a sample calculation for additional residual assets when borrower has multiple <u>other investment properties.</u><table><tr><th>Property</th><th>Monthly PITIA</th><th>Monthly Gross Rent</th></tr><tr><td>A</td><td>$1250</td><td>$1400</td></tr><tr><td>B</td><td>$2100</td><td>$1275</td></tr><tr><td>C</td><td>$1850</td><td>$1225</td></tr><tr><td>Total</td><td>$5200</td><td>$3900</td></tr></table>
Actual total PITIA of other investment properties = $5200

Additional monthly rent needed to break even = $5200 - $3900 = $1300
Additional Residual Assets = 60 months x $1300 = $78000</td></tr>
<tr><td>Listed for Sale / “Recently Listed”</td><td><u>Rate/Term Refinance (per FNMA B2-1.2-02)</u>
Subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. The borrower must confirm their intent to occupy the subject property (for principal residence transactions).

<u>Cash-out Refinance (per FNMA B2-1.2-03)</u>
Subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan.</td></tr>
<tr><td>Loan Amount</td><td>Minimum loan amount = $100,000</td></tr>
</table>

Loan Modification	If the borrower is refinancing a loan with a prior modification/restructure then credit requirement is increased to 0x30 in the last 12 months for all mortgages. Modification must be complete on the subject loan to be refinanced and borrower is making on time scheduled payments. There is no additional seasoning requirement prior to refinance.
Locking the loan	**Locking** • 30 day minimum lock term required • Loan must be approved prior to lock
Mortgage Insurance	Mortgage insurance is not required
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 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. (FNMA 2-1.2-01) When tenant is buying from landlord/seller, a Verification of Rent (VOR) from a third party management company is acceptable. If there is no third party management company, provide the most recent 12 months cancelled rent checks or 12 months bank statements (or whatever shorter time period the borrower has been renting) <u>Conflict of Interest (Impac overlay)</u> Situations where the borrower has a <u>dual role</u> in the transaction, namely as borrower and as another party in the same transaction are <u>**prohibited**</u>. These include, but are not limited to, situations where the borrower is also: o The builder o The loan officer on the transaction o The listing agent o Both the listing and selling agent Exception: Borrower is allowed to be the selling agent in the transaction where borrower is the purchaser so long as borrower is not also the listing agent. <u>Additional conflicts:</u> The owner of a loan brokerage company or a lender may not originate his personal loan with his own company. • The owner must originate with an entirely unrelated company. The employee of a loan brokerage company or a lender may use his employer's company to originate a loan so long as that employee is not involved in the origination process (e.g., underwriter, processor, etc.). • Employee may use Agency Plus program only. A loan officer may have his loan originated within the same company <u>only for the Agency Plus program.</u> • For all other iQM programs, the loan officer must have his loan originated with a different unrelated company
Occupancy	<u>**Eligible:**</u> Primary Residence – 1-4 units Second Homes – 1-2 unit only • For 2 unit second homes, one unit must be available for the borrower's exclusive use, no rental or time sharing arrangements in the borrower's exclusive unit • Must be suitable for year round use • Must be located in a recognized vacation area typical for second home properties (e.g., beach, ski, golf, resort) • Must be a reasonable distance from borrower's current owner-occupied property Investment or Non-Owner Occupied – 1-4 Units Group Homes are only allowed for 1-unit owner occupied primary residence. (Impac overlay)
Payment Shock	There is no payment shock requirement
Points and Fees	Maximum 5% Limit. The points and fee limit applies to all occupancy types.
Power of Attorney	A power of attorney is allowed per FNMA guidelines (See FNMA B8-5-06). Except as otherwise required by applicable law, or unless they are the borrower's relative (or a person who is a fiancé, fiancée, or domestic partner of the borrower), none of the following persons connected to the transaction shall sign the security instrument or note as the attorney-in-fact or agent under a power of attorney:

- The lender;
- Any affiliate of the lender;
- Any employee of the lender or any other affiliate of the lender;
- The loan originator;
- The employer of the loan originator;
- Any employee of the employer of the loan originator;
- The title insurance company providing the title insurance policy or any affiliate of such title insurance company (including, but not limited to, the title agency closing the loan), or any employee of either such title insurance company or any such affiliate; or
- Any real estate agent that has a financial interest in the transaction or any person affiliated with such real estate agent.

Power of Attorney (POA) is ineligible for:

- Cash-out loans

Prepayment Penalty

None

Property Types

Eligible

- 1-unit single family residences (attached and detached) and PUDs (attached and detached)
- 2-4 unit properties (within matrix parameters)
- Condominiums - FNMA Eligible
  - Both FNMA Condo Project Manager (CPM) and FNMA Limited Review are allowed
  - Detached Condo units that are Principal Residences may be processed with Limited Review (See FNMA B4-2.2-03, *Limited Review Process for Detached Condo Units*)
  - Non-Warrantable Exception:
    - The FNMA investment property concentration limits (i.e., the percentage of non-owner occupied properties within a project) do not apply, **and**
    - Minimum 50% of units in project (or subject legal phase, considered with prior legal phases) must be sold or under contract.
      - **Note: For reference**, FNMA (B4-2.2-02) requires that investment property transactions on attached units in established projects (including two-to four-unit projects), have at least 50% of the total units in the project conveyed to principal residence or second home purchasers. This requirement does not apply if the subject mortgage is for a principal residence or second home.
  - Single Entity Ownership Exception:
    - 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 will be considered on a case by case basis.
      - **Note: For reference**, the FNMA (B4-2.1-02) acceptable limit is:
        - Projects with 2 to 4 units = 1 unit
        - Projects with 5 to 20 units = 2 units
        - Projects with 21 or more units = 10% of total units

Limited Review (See FNMA B4-2.2-02, *Limited Review Process for Attached Condo Units*)
Limited Review eligibility criteria for **attached units** differ depending upon the occupancy type and LTV/CLTV/HCLTV ratios, and are as follows:

Occupancy Type	Maximum LTV/CLTV/HCLTV
Principal residence	90% (matches FNMA)
Second home	80% (exceeds FNMA)
Investment property	70% (exceeds FNMA)

Note: Mortgages secured by attached units in **new** condo projects are not eligible for Limited Review.

See the below table for LTV/CLTV/HCLTV restrictions on Limited Review for Florida condominiums. (See FNMA B4-2.2-04)

Florida – Attached Units in Established Condo Projects – Limited Review	
Occupancy Type	**Occupancy Type**
Principal residence	Principal residence
Second home	Second home
Investment property	Investment property

	New or newly converted condo projects in Florida with attached units are **not required** to be approved by Fannie Mae through the PERS process (B4-1.1-02). Impac will conduct its own review and approval of Florida condo projects. **New or newly converted condo projects in Florida are limited to 60% LTV/CLVT/HCLTV. Impac financing is limited to a maximum overall concentration of 20% in any Florida condominium project. This limitation is per project and not per borrower.**
	
	Mixed Use properties are allowed per Fannie Mae guidelines (B2-3-04)
	(Examples: Business use in addition to residential use, such as property with space aside for a day care facility, a beauty or barber shop, or a doctor's office)
	• The property must be a one-unit dwelling that the borrower occupies as a principal residence
	• The borrower must be both the owner and the operator of the business
	• The property must be primarily residential in nature
	• The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property
	The property must meet appraisal requirements for mixed use properties (B4-1.4-07)
	Appraisal must indicate:
	• A detailed description of the mixed-use characteristics of the subject property
	• That the mixed use of the property is a legal, permissible use of the property under the local zoning requirements
	• Any adverse impact on marketability and market resistance to the commercial use of the property
	• Market value of the property based on the residential characteristics, rather than of the business use or any special business-use modifications that were made.
	
	Ineligible
	• Acreage greater than 20 acres (appraisal must include total acreage)
	    ◦ Acreage > 20 acres must have acceptable sales comparables of similar size and is reviewed on a case-by-case basis
	• Agricultural zoned property
	    ◦ Properties with agricultural zoning are considered on a case-by-case basis
	• Condo hotel
	• Co-ops
	• Hobby Farms
	• Income producing properties with acreage
	• Leaseholds
	• Log Homes **(may be eligible on a case-by-case basis)**
	• Manufactured housing
	• Modular homes
	• Properties subject to oil and/or gas leases (**may be eligible on a case-by-case basis)**
	• Title may not be held in a business name
	• Unique properties
	• Working farms, ranches or orchards

Qualifying Rate and Ratios	Qualifying Rate and Ratios • N/A
Reserves	Cash out from the subject transaction may not be used for reserves on this program.

Loan Amount	Required Reserves
≤ $1,000,000	3 months
> $1,000,000 < $2,000,000	6 months
≥ $2,000,000	12 months

- **For Refinances Only**: For loan amounts ≤ $679,650 required reserves (above) may be waived when all borrowers have 0x30x12 VOM/VOR and payment on new loan is decreasing. In addition, the borrower(s) must not have any history of bankruptcy, foreclosure, short sale, or deed-in-lieu in order to waive reserves.
- When the subject property loan amount is > $679,650 there is no waiving of reserves

Additional reserves for each financed property (other than subject):
One month PITIA for each additional financed property. PITIA calculated using the actual mortgage payment (PITIA) of the "other" property for each additional property.
- Reserves for financed properties with a recent 12 month paid-as-agreed history may be waived except when the subject property loan amount is > $679,650. When the subject property loan amount is > $679,650 there is no waiving of reserves.
- Reserves for financed properties acquired within the 12 months prior to application cannot be waived

	Notes: 1. Required reserves are calculated using only P&I (principal + interest) payment. Other mortgage related debt is included with "60 months monthly debt" calculation as part of loan qualification. See *Income/Asset Verification.* PITIA for reserves is the monthly housing expense for a property and includes the following: • Principal and interest (P&I); • Hazard, flood, and mortgage insurance premiums (as applicable); • Real estate taxes; • Ground rent; • Special assessments; • Any owners' association dues (including utility charges that are attributable to the common areas, but excluding any utility charges that apply to the individual unit); • Any monthly co-op corporation fee (less the pro rate share of the master utility charges for servicing individual units that is attributable to the borrower's unit); • Any subordinate financing payments on mortgages secured by the subject property. See *Business Funds* for eligibility.
Subordinate Financing	Subordinate financing must have regular monthly payments at market interest rate 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 FNMA guidelines and program CLTV limits. If financing provided by the seller is more than 2% below current standard rates for second mortgage, the subordinate financing must be considered a sales concession and the subordinate financing amount must be deducted from the sales price. 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. An exception may be made when the amount of the subordinate debt is minimal relative to the borrower's financial assets and/or credit profile (FNMA B2-1.1-04) See *Qualifying Rate and Ratios* for HELOC qualification.
Temporary Buydown	Not allowed
Texas Section 50(a)(6) Equity Cash Out	Allowed Note: Interest Only is prohibited on a Texas Section 50(a)(6) Equity Cash Out loan
Title / Vesting	Inter Vivos Revocable Trust (must meet requirements of FNMA B2-2-05) • Title insurance policy must state that title to the security property is vested in the trustee(s) of the inter vivos revocable trust • The title insurance policy may not list any exceptions with respect to the trustee(s) holding title to the security property or to the trust. • Title to the security property is vested solely in the trustee(s) of the inter vivos revocable trust, jointly in the trustee(s) of the inter vivos revocable trust and in the name(s) of the individual borrower(s), or in the trustee(s) of more than one inter vivos revocable trust. A power of attorney is not allowed when signing mortgage documents related to an inter vivos trust. Vesting in Corporations, LLCs, or Partnerships is not allowed.
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 **Residual Income Calculation for Asset Qualification** In accordance with ATR standards, a monthly residual income calculation must be completed when using the Asset Qualification option. The formula for this calculation is: Total Monthly Income – Total Monthly Debt Obligations (Expenses) = Monthly Residual Income Total Monthly Income = Total Allowable Assets / 60 months ***Example:*** Loan amount: $300,000 Principal and Interest (P & I) for subject = $2,000

	Verified Assets: • $200,000 Checking and Savings (100% usable) = $ 200,000 • $300,000 Stocks and Bonds (90% usable) = $ 270,000 • $400,000 401K (80% usable) = $ 320,000 • $300,000 Mutual Funds (90% usable) = $ 270,000 Total Allowable Assets = $1,060,000 $1,060,000 (Total Allowable Assets) divided by 60 months = $17,666.67 in Total Monthly Income Total Monthly Debt Obligations as defined in 12 CFR 1026.43(C)(7)(i)(A), including payment on the loan, simultaneous loans, mortgage related obligations and current debt obligations (revolving, installment, alimony/child support, hazard insurance, property tax on the subject property, etc.) = $4,500 $17,666.67 Total Monthly Income minus $4,500 Total Monthly Debt Obligations = $13.166.67 Monthly Residual Income Monthly Residual Income must meet or exceed the income found in the VA Residual Income Table in these guidelines. (See *VA Residual Income Tables* below) Note: Required reserves are **not** deducted from Total Allowable Assets when calculating residual income. Underwriter may request a copy of any inspection where repairs or remediation (monetary or other) are specified in a purchase contract, regardless of whether repairs have been completed. 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. Non-arm's-length and conflict of interest transactions are allowed with restrictions. See *Non-Arm's Length Transactions* for additional information. **Guideline Variance \ Exceptions:** Minor exceptions to guidelines may be considered on a case by case basis. Compensating factors include, in order of importance: • Loan to value ratio (LTV) • Reserves – well above the program requirement (prior to any cash out) • Credit profile (depth of credit) and credit score • Length of employment in same occupation/business (long term employment stability) • Reduction in new housing expense vs. existing housing expense (15% or greater reduction) • Other compensating factors not listed above All exceptions must be submitted per the Impac Exception Policy, approved by Underwriting Senior Management, Warehouse Lending and Capital Markets. Underwriters should: • Make a sound risk assessment of the resources of the applicant before finalizing the loan. An underwriter has the discretion to require any additional documentation they feel is appropriate and reasonable to support that assessment. • If underwriter requires tax returns to make the proper risk assessment then borrower will be **ineligible for this program** and underwriter will make a counter offer to another product, if applicable. **Impac Underwriting Manager review and signature is required for loan amounts > $1,000,000.** **Impac Senior Credit Committee member must review and sign for loan amounts ≥ $2,000,000.** File must include title commitment with 24 months title history.

EXHIBIT A
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.

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 Borrower name

___________________________________ ______________________________
Borrower name Borrower name

IMC-0006 (Borrower Affirmation –Alternative Assets v2 - Rev 03/16)

iQM Asset Qualifier

Loan Number :			
Borrower :			
Property Address :			
Transaction Type :			
Assets	Original Amount	Percentage Allowed(%)	Usable Amount
Checking/Savings/Money Market		100.00	$0.00
Stocks and Bonds		90.00	$0.00
Mutual Funds		90.00	$0.00
Retirement Accounts (if distribution is not set up)		80.00	$0.00
Total Allowable (Usable) Assets			$0.00
Less: Loan Amount (1st TD)			
Less: Loan Amount (Subordinate financing: if HELOC, use current balance)			
Less: Down Payment (Purchase Only), Closing Costs and "Prepaids" ADD: "Credits"			
Total Residual Assets			$0.00
Total monthly revolving, installment, support debts (excluding accounts to be paid off, excluded and 10 months or less remaining installment debts)			
Subject property's monthly payment for subordinate financing (if any), hazard insurance, property taxes, HOA (exclude P&I)			
Primary Residence (if not Subject property) PITIA			
Second Home (if not Subject property) PITIA			
Cumulative Negative Cash Flow on other NOO real estate owned (NOTE: Cash Flow = 100% Rent - PITIA; Exclude REOs with PS or S status)			
Total of all other monthly debts			$0.00
60 months of all other monthly debts			$0.00
Subject P&I Payment (If Interest Only loan, P&I is based on Qualifying Payment for remaining term after IO period)			
Base Reserves: Subject P&I Reserves Needed (LTV/CLTV > 80 <= 90%: $100K-$1M = Minimum 6 Months required; LTV/CLTV <= 80%: $100K-$1M = 3 Months, from $1,000,001 to <$2M = 6 Months, => $2M = 12 Months (can be waived with 0x30x12 Mtg/Rental Rating, payment on new loan is decreasing and LTV/CLTV <= 80%); Foreign National: Minimum 12 months reserves are always required)			
Reserves for Other Financed REO, not subject property (1 month PITIA per property - CAN be waived with 0x30x12 Mtg Rating and LTV/CLTV<= 80%)			$0.00
Reserves Required Due to Credit Derogatory (6 months PITIA)			
Reserves due to DTI (6 months PITIA)			
Net Reserves Needed after Cash Out Applied (if allowed)			
Total Reserves Needed			FALSE
Total 60 months of other debt plus required reserves:			$0.00
Total Residual Assets -vs- 60 months of all other monthly debt plus required reserves		Yes DOES LOAN QUALIFY?	Amount of shortage or funds remained $0

Completed By:______________________Date:______________

Borrower Signature Below for WORKSHEET COMPLETED BY UNDERWRITER (Borrower ONLY signs Underwriter Copy with Docs)

Borrower:______________________________Date:______________________

Co-Borrower:___________________________Date:______________________

Below Section is for Internal Underwriter Use Only

Total Monthly Income (Total Allowable Assets /60 months)	$0.00	Monthly Residual Income	$0.00

Note: Any asset that has a loan against it (borrowing on margin, 401 K loan etc....) must be netted against the asset.

Underwriter: ____________________ DATE:

v.2017.02.21