

## Conventional 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.*

<b>Appraisal</b>	Property Condition rating of C5 or C6 is ineligible.
<b>Assets</b>	Custodial accounts for children are not an acceptable source of funds  <u>Verification of Deposit</u> A written VOD cannot be standalone documentation. At least one month's bank statement is required with a VOD.
<b>Borrower Eligibility</b>	Non-permanent resident alien (maximum 80% LTV/CLTV/HCLTV on 1-unit primary residence and second homes only; other restrictions apply). Non-permanent residents must have right to work in U.S. NPR not allowed on n/o/o properties.  <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 mortgage loans.  <u>Power of Attorney (POA)</u> Initial 1003 must be executed by borrower POA must be recorded POA is not allowed on properties held in a trust (Wholesale Only) POA used to facilitate closing via a recorded interactive session on the internet is not allowed
<b>Construction Lending – Single Closings</b>	<u>Construction-to-Permanent Financing</u> Impac does not originate, fund, or purchase any form of “one-time-close” or “single-closing” loans. This includes both loans in the construction phase as well as loans that are closed and modified.  Exception: Purchases of completed and modified single close construction loans are allowed from delegated correspondents. Loan must have final modification, all work complete, certificate of occupancy issued.
<b>Credit</b>	HARP loans (DU Refi Plus and LP Open Access) do not require a <u>minimum</u> score however all borrowers must have a score.
<b>Geographic Locations/Restrictions</b>	See respective Retail, Wholesale, Correspondent channel guidelines for eligible states. Impac does not lend in Puerto Rico, the U.S. Virgin Islands, or Guam.  State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.
<b>Income</b>	<u>Verification of Employment (VOE)</u> A written VOE cannot be standalone documentation. At minimum, a pay stub and W2 are required for employment verification.  <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 <ul style="list-style-type: none"> <li>• Transcripts must match the income documentation used for qualification <ul style="list-style-type: none"> <li>○ Full transcripts are only required when tax returns are required</li> <li>○ W2 transcripts are required when only W2s are used to qualify</li> <li>○ 1099 transcripts are required when only 1099 income is used to qualify</li> <li>○ The above applies to full doc transactions only</li> </ul> </li> </ul> Tax return transcripts are required for all years of income being used to qualify ** (self-employed, rental income, > 25% commission)  Tax return transcripts may not be used in place of actual tax returns NOTE: For FNMA loans, if Correspondent Seller receives Day 1 Certainty DU Income Validation and findings do not ask for 4506-T then it need not be provided.  Mortgage Credit Certificates (MCCs) are not an eligible source of qualifying income
<b>Limitations on Other Real Estate Owned</b>	Multiple financed properties are allowed per respective Fannie or Freddie guidelines. These limitations apply to the total number of properties financed, not to the number of mortgages on the property.

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	<p><u>Multiple Loans to the Same Borrower</u></p> <ul style="list-style-type: none"> <li>Maximum 20% concentration in any one project or subdivision</li> <li>Impac will finance loans on up to 8 properties for one borrower, including the subject property, or a total of \$2 million in financing for one borrower, whichever is less. <ul style="list-style-type: none"> <li>Exception: Impac will allow one (1) loan over \$2 million for those programs that allow higher loan amounts</li> </ul> </li> </ul>
<b>Loan Amount</b>	<b>Minimum Conforming Loan Amount: \$35,000</b>
<b>Mortgage Insurance</b>	<p><u>Impac's approved MI companies are as follows:</u></p> <ul style="list-style-type: none"> <li>Arch MI</li> <li>CMG (HARP modifications only) (due to acquisition, new certificates state "Arch MI")</li> <li>Essent Guaranty, Inc.(Correspondent Only)</li> <li>Genworth</li> <li>MGIC</li> <li>National MI</li> <li>PMI (HARP modifications only)</li> <li>Radian</li> <li>RMIC (HARP modifications only)</li> <li>United Guaranty (UG)</li> </ul> <p><u>Ineligible MI</u></p> <ul style="list-style-type: none"> <li>Financed MI</li> <li>Borrower Paid Single Premium paid by other than borrower</li> <li>Split Premium – upfront portion paid by borrower or seller of the property</li> <li>Prepaid Mortgage Insurance</li> <li>Lender Paid Monthly</li> <li>Lender Paid Annual</li> <li>Borrower Paid Annual</li> <li>Lender paid pool coverage (referred to as GSE pool insurance)</li> <li>Investor – paid pool coverage</li> <li>Loans covered by recourse and/or indemnification agreements</li> <li>Secondary market coverage agreements</li> </ul> <p>Note: Reduced MI coverage amounts provided by agency and AUS decisions are ineligible.</p>
<b>Program Exclusions</b>	<p>The following products/features are not permitted:</p> <p><u>Fannie Mae</u></p> <ul style="list-style-type: none"> <li>Energy Efficient Mortgage Program</li> <li>HomeStyle Renovation</li> <li>Property Assessed Clean Energy (PACE) loans (may not be subordinated, must be paid off)</li> <li>Community Land Trusts (leasehold loans)</li> </ul> <p><u>Freddie Mac</u></p> <ul style="list-style-type: none"> <li>Energy Conservation Improvements</li> <li>Renovation Mortgages</li> <li>Home Steps (Freddie Mac REO)</li> <li>Property Assessed Clean Energy (PACE) loans (may not be subordinated, must be paid off)</li> <li>Community Land Trusts (leasehold loans)</li> </ul>
<b>Program Overlays</b>	<p><u>Fannie Mae HomeReady and Freddie Mac Home Possible</u></p> <p>The following are not allowed for HomeReady or Home Possible programs:</p> <p>ARMs  Temporary buydowns  Manual underwriting  Non-traditional credit, including non-traditional credit required to support a DU decision  Custom MI (Freddie Mac) or Minimum MI (Fannie Mae)  Construction conversion or renovation mortgages  Sweat equity  Unsecured loans from originating lender used as a source of funds</p>
<b>Property Types</b>	<p><u>Ineligible</u></p> <ul style="list-style-type: none"> <li>Co-op share loans</li> </ul>

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	<ul style="list-style-type: none"> <li>• Properties with greater than 25 acres</li> <li>• Uniquely designed properties such as dome homes earth berms, and underground homes               <ul style="list-style-type: none"> <li>◦ Log cabins are reviewed on a case-by-case basis</li> </ul> </li> <li>• Manufactured Homes in condominium projects</li> <li>• On-frame modular homes</li> <li>• Fee simple land within the bounds of Indian reservation land or under jurisdiction of tribal council or laws</li> </ul> <p>Existing manufactured homes must have been placed on a permanent foundation for a period of one year prior to application in order to be considered for financing (purchase or refinance).</p>
<b>Tax Returns</b>	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.
<b>Temporary Buydowns</b>	Not allowed
<b>Underwriting</b>	<p>Automated Underwriting System (AUS) approval only. Manual underwriting is ineligible</p> <ul style="list-style-type: none"> <li>• Exception: Borrowers living abroad with no current U.S. property may be manually underwritten so long as loan amount is <b>NOT</b> High Balance. High Balance loans must always use AUS for approval.</li> </ul> <p>Fannie Mae DU Approve/Eligible or Freddie Mac LP Accept Only</p> <p>Freddie Mac A-minus or Caution loans are ineligible</p>

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