

## FHA Purchase

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for FHA guidelines. Users are expected to know and comply with FHA requirements.

NOTE: This matrix includes overlays, which may be **more restrictive** than FHA requirements. A thorough reading of this matrix is recommended.

### Program Qualifications

- Impac's FHA Purchase program is designed for the purchase of owner occupied single family residences using an FHA insured home loan.

### Eligibility Matrix Loan Amount & LTV Limitations

#### FHA - Primary Residence Purchase

Minimum Credit Score	Units	Maximum Base LTV	Total LTV Including UFMP	Maximum CLTV
Primary Residence Purchase				
620	1-4	96.5%	Maximum Base LTV plus the amount of the UFMP	Ineligible <sup>5</sup>
Non Arm's Length (Identity of Interest) Transactions				
620	1-4	85%	Maximum Base LTV plus the amount of the UFMP	85%
90 Day Resale Waiver				
620	1	96.5%	Maximum Base LTV plus the amount of the UFMP	Ineligible <sup>5</sup>
Borrower with one credit score				
620	1	96.5%	Maximum Base LTV plus the amount of the UFMP	Ineligible <sup>5</sup>

#### FHA - Primary Residence Purchase – Expanded Credit Score

Minimum Credit Score <sup>4</sup>	Units	Maximum Base LTV	Total LTV Including UFMP	Maximum CLTV
Primary Residence Purchase				
580 - 619	1-2	96.5%	Maximum Base LTV plus the amount of the UFMP	Ineligible <sup>5</sup>
Non Arm's Length (Identity of Interest) Transactions				
580 - 619	1-2	85%	Maximum Base LTV plus the amount of the UFMP	85%
90 Day Resale Waiver				
580 - 619	1	96.5%	Maximum Base LTV plus the amount of the UFMP	Ineligible <sup>5</sup>
Borrower with one credit score				
580 - 619	1	96.5%	Maximum Base LTV plus the amount of the UFMP	Ineligible <sup>5</sup>

#### Footnotes for Expanded Credit Score

- 3-4 Unit properties ineligible
- Payment Shock
  - First Time Home Buyers (FTHB) = 100%
  - First Time Home Buyers (FTHB) with gift funds = 50%
  - Non-FTHB with gift funds = 100%
- Maximum DTI Ratios = 31/43, no exceptions
- High Balance loans (base loan amount > \$417,000) not allowed for credit score < 600
- CLTV is ineligible except for Impac-approved secondary financing

### Maximum Loan Amount

Continental US Units	Conforming		High Balance	
	Lowest Maximum (floor)	Highest Maximum (ceiling)	Lowest Maximum (floor)	Highest Maximum (ceiling)
1	\$271,050	\$417,000	\$417,001	\$625,500
2	\$347,000	\$533,850	\$533,851	\$800,775

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3	\$491,425	\$645,300	\$645,301	\$967,950
4	\$521,250	\$801,950	\$801,951	\$1,202,925

Maximum Base Loan Amount cannot exceed the [FHA Statutory Mortgage Limits](#) for each county and under no circumstances will a county's mortgage limit be less than the floor or greater than the ceiling as outlined in the matrix above. See this link for FHA County Mortgage Limits: <https://entp.hud.gov/idapp/html/hicostlook.cfm>

The lowest minimum "floor" loan amounts for the FHA High Balance products will be based on the Base Loan amount and not the Total Loan Amount that includes financed Up-Front Mortgage Insurance (UFMIP).

Purchase transaction using Section 203b and 234c condominium units the Maximum Base Loan Amount is calculated as the lesser of:

- Sales price or appraised value
- Minus any adjustments for excessive seller contributions/inducements to purchase
- Multiplied by the appropriate LTV factor, see *Eligibility Matrix Loan Amount & LTV Limitations*

Purchase transaction not permitting maximum financing (e.g., identity of interest, non-occupant co-borrower) maximum Base Loan Amount is calculated as the lesser of:

- Sales price or appraised value
- Multiplied by the appropriate LTV factor, see *Co-Borrower/Co-signer* section

Refinance transactions refer to the following.

- Impac's FHA Standard Refinance (Cash-out) Matrix
- Impac's FHA Streamline Refinance (Rate Reduction) Matrix

### Product Description

- Fixed Rate 15 and 30 year term; fully amortized, including High Balance
- 3/1 and 5/1 ARM, 30 year fully amortized, including High Balance

### Product Codes

Fixed	Product Code	
15 Years	FF15	FHA FRM 15 year
15 Years	FF15HB	FHA FRM 15 year High Balance
30 Years	FF30	FHA FRM 30 year
30 Years	FF30HB	FHA FRM 30 year High Balance
30 Years	FF30HD	FHA FRM 30 year \$100 Down
30 Years	FF30BW	FHA FRM 30 year (Back to Work – Extenuating Circumstances)
30 Years	FF30BWHB	FHA FRM 30 year High Balance (Back to Work – Extenuating Circumstances)
<b>Hybrid ARM</b>		
3/1 ARM	FA31	FHA 3/1 ARM
3/1 ARM	FA31HB	FHA 3/1 ARM High Balance
5/1 ARM	FA51	FHA 5/1 ARM
5/1 ARM	FA51HB	FHA 5/1 ARM High Balance

### Eligibility Requirements

<b>203(h) Disaster Victims Program</b>	<p>203(h) works in conjunction with the HUD 203(b) program. The primary difference is the cash investment. 203(h) allows for 100% financing. The program covers <u>displaced owners</u> or <u>displaced renters</u> in <u>federally (Presidential) declared disaster areas</u>.</p> <p>Original home must have been located in an area that has been designated by the President as a federally declared disaster area (<a href="http://www.fema.gov/disasters">http://www.fema.gov/disasters</a>). <u>A copy of the applicable declaration indicating individual assistance must accompany the file.</u></p> <p>Home must have been destroyed or damaged to such an extent that reconstruction or replacement is necessary. (You cannot use the 203(h) program to rehabilitate a home.) Home may be rebuilt on existing property or a new home residence may be purchased anywhere.</p> <p>Borrower (can be a prior <u>owner</u> or <u>renter</u>):</p> <ul style="list-style-type: none"> <li>• Prior permanent residence documentation includes valid driver's license, voter registration card, or utility bills. Must have been permanent resident of a <u>destroyed</u> or substantially <u>damaged</u> residence in the Presidentially-declared major disaster area.</li> <li>• Damage documentation includes an insurance report, an inspection report by an independent fee inspector or government agency, or conclusive photographs showing the destruction or damage.</li> </ul>
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	<p>Borrower must apply (1003 application submitted to <u>lender</u>) for 203(h) disaster program <u>within one year</u> of the Major Disaster Declaration by the President.</p> <p><u>Properties eligible to be purchased with 203(h):</u></p> <ul style="list-style-type: none"> <li>• One-unit detached homes (Two-, three-, and four-unit properties <u>may not</u> be purchased under this program)</li> <li>• One-unit detached home in a PUD</li> <li>• Units in FHA approved condominium projects</li> <li>• Property must meet HUD's Minimum Property Standards and Minimum Property Requirements.</li> </ul> <p><u>Ineligible properties with 203(h):</u>                  2-4 unit properties                  Co-ops                  Attached PUDs                  Second Homes                  Investment Property</p> <p>Maximum Mortgage – subject to statutory loan limits (county loan limits for base loan amount apply)</p> <p>The total LTV may exceed 100% by the amount of the financed Up Front Mortgage Insurance Premium (UFMIP).</p> <p>Down Payment, Closing Costs, Prepaid Expenses</p> <ul style="list-style-type: none"> <li>• No down payment is required</li> <li>• Closing costs and prepaid expenses must be paid by borrower in cash or lender premium pricing. Closing costs and prepaid expenses may not be financed with a 203(h) loan.                         <ul style="list-style-type: none"> <li>○ Seller may contribute to closing costs and prepaid expenses up to 6% of sales price</li> </ul> </li> </ul> <p>Borrower must meet all other requirements for FHA qualification. 203(h) is run through TOTAL scorecard. An “approve/ineligible” is acceptable if the ineligibility is for loan amount/LTV and calculations are made in accordance with 203(h) program. A “refer” loan may be manually underwritten per FHA guidelines.</p> <p>Borrowers with existing mortgages on substantially damaged or destroyed property within the disaster area must show those mortgages are paid off. Borrower is qualified with all debt as with normal FHA mortgage.</p> <p>Borrower may relocate anywhere. Borrower does not have to purchase within the same area. Borrower must qualify with income and employment per FHA guidelines regardless of the location of the new property.</p> <p>See FHA Manual 4155.1 6.A.6 for certain credit and documentation flexibilities and underwriting guidance.</p>														
<p><b>\$100 Down Payment on HUD REO Properties</b></p> <p><b>(HOC determines availability)</b></p>	<p>Go to the FHA FAQ link and search by keywords “sales incentives”. This will give the list of Home Ownership Centers (HOC) currently allowing the \$100 Down Program in their region.                  FHA FAQ link: <a href="http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ">http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ</a></p> <p>The maximum total loan amount <u>including UFMIP</u> will be limited to 100% of the as-is appraised value. Each transaction will have to be evaluated for eligibility and ability to finance the UFMIP in the total loan amount. The final determination will depend on the as-is appraised value and sales price. It will not be possible to finance part of the UFMIP to 100% LTV and the remaining in cash. UFMIP will be either <u>totally financed into the loan amount</u> or <u>totally paid in cash</u>.</p> <p>In the scenario below, the as-is appraised value supports a maximum loan amount that includes UFMIP.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Purchase Price</td> <td style="text-align: right;">\$100,000</td> </tr> <tr> <td>Appraised Value (As-is value from HUD Appraisal)</td> <td style="text-align: right;">\$102,000</td> </tr> <tr> <td>Minimum Down payment as approved by HUD and listed in HUD Sales Contract (HUD-9548)</td> <td style="text-align: right;">\$100</td> </tr> <tr> <td>Maximum Base Loan Amount</td> <td style="text-align: right;">\$99,900</td> </tr> <tr> <td>UFMIP (\$99,900 x 1.75%)</td> <td style="text-align: right;">\$1,748</td> </tr> <tr> <td>Total Loan Amount (including financed UFMIP)</td> <td style="text-align: right;">\$101,648</td> </tr> <tr> <td>Total LTV</td> <td style="text-align: right;">99.65% This LTV is eligible</td> </tr> </table> <p>In the below scenario, the as-is appraised value is the same as sale price and <u>does not</u> support a maximum loan amount that includes UFMIP.</p>	Purchase Price	\$100,000	Appraised Value (As-is value from HUD Appraisal)	\$102,000	Minimum Down payment as approved by HUD and listed in HUD Sales Contract (HUD-9548)	\$100	Maximum Base Loan Amount	\$99,900	UFMIP (\$99,900 x 1.75%)	\$1,748	Total Loan Amount (including financed UFMIP)	\$101,648	Total LTV	99.65% This LTV is eligible
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	<p>See Program Codes for the appropriate program code when using the \$100 Down Payment program.</p> <p>Minimum Score required is <b>580</b>.</p> <p><b>HUD REO with "203b financed repair escrow" is not allowed.</b></p>																	
<b>90 Day Resale Waiver</b>	<p>This is a temporary FHA waiver of its regulation prohibiting the use of FHA financing to purchase single family properties being resold within 90 days of the previous acquisition, until December 31, 2014. 12/31/14 is the last funding date to use this waiver.</p> <p><b>Eligibility for Waiver</b> To be eligible for the waiver conditions must be met as follows.</p> <ul style="list-style-type: none"> <li>• All transactions must be arms-length, with no identity of interest between the buyer and seller or other parties participating in the sales transaction <ul style="list-style-type: none"> <li>• Seller holds title to the property.</li> <li>• Limited liability companies, corporations, or trusts serving as sellers were established and are operated in accordance with applicable state and federal regulatory requirements.</li> <li>• There is no pattern of previous flipping activity on the subject property as evidenced by multiple title transfers within the previous a 12 months.</li> <li>• The property was marketed openly and fairly as follows. <ul style="list-style-type: none"> <li>• Auction</li> <li>• Developer marketing</li> <li>• For sale by owner</li> <li>• Multiple listing service (MLS)</li> </ul> </li> </ul> </li> <li>• In cases when the sale of the property is greater than 20% above the seller's acquisition cost, a waiver is available only if lender does the following. <ul style="list-style-type: none"> <li>• Justifies the increase in value by obtaining a second appraisal, verifying the seller has completed sufficient legitimate renovation, repair, and rehabilitation work on the subject property to substantiate the increase in value (<b>Borrower is not allowed to pay for the second appraisal</b>) or,</li> <li>• In cases where work is not performed, the appraiser provides appropriate explanation of the increase in property value since the prior title transfer; and</li> <li>• Property inspection is ordered and provides the inspection report to the purchaser before closing. The lender may charge the borrower for this inspection. <ul style="list-style-type: none"> <li>• The use of FHA-approved inspectors or 203(k) consultants is not required.</li> <li>• At a minimum the inspection must include the following. <ul style="list-style-type: none"> <li>• Property structure, including the foundation, floor, ceiling, walls and roof;</li> <li>• Exterior, including siding, doors, windows, appurtenant structures such as decks and balconies, walkways and driveways</li> <li>• Roofing , plumbing systems, electrical systems, heating and air conditioning systems;</li> <li>• All interiors, and</li> <li>• All insulation and ventilation systems, including fireplaces and solid fuel-burning appliances.</li> </ul> </li> </ul> </li> </ul> </li> </ul> <p>Seller's acquisition cost is defined as follows.</p> <ul style="list-style-type: none"> <li>• The seller's acquisition cost is the purchase price which the seller paid for the property, and the following costs (if paid by the seller): <ul style="list-style-type: none"> <li>• Closing costs, plus</li> <li>• Prepaid costs, including commissions.</li> </ul> </li> </ul> <p><b>NOTE:</b> The seller's acquisition cost does NOT include the cost of repairs that the seller makes to the property. Be sure to review the following sections: <i>Appraisal Requirements, Financing Types, Property Inspection, and Property Inspection Certification.</i></p>																	
<b>Adjustable Rate Details</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Interest rate adjustment caps</td> <td style="text-align: center;">3/1 and 5/1 ARM = 1/1/5</td> </tr> </table>	Interest rate adjustment caps	3/1 and 5/1 ARM = 1/1/5															
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	Initial – 1% up/down; Subsequent – 1% up/down; Lifetime – 5% up								
Margin*	2.00%								
Index	1-Year Constant Maturity Treasury (CMT), defined as the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year								
Interest rate Floor	Same as Margin								
Change dates	3/1 - Initial interest rate change date will occur within 36 to 42 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. 5/1 - Initial interest rate change date will occur within 60 to 66 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. Must meet GNMA requirements. FHA initial change dates are the first day of January, April, July, or October, depending on disbursement date.								
Conversion Option	None								
Assumption	Allowed for qualified borrowers								
Temporary Buydowns	Temporary Buydowns may <u>not</u> be used with an ARM product								
Qualification	Borrowers qualify at the Note Rate								
*see <u>rate sheet</u> to confirm current information, subject to change									
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<b>Appraisal Requirements</b>	<p>Refer to the National HOC Reference guide and Appraisal Requirements, Documentation, and Evaluation Chapters Appendix D of Handbook 4150.2, CHG-1, Valuation Analysis for Home Mortgage Insurance for Single Family One- to Four- Unit Dwellings, has been updated and becomes effective for all appraisals performed on or after January 1, 2006. Revised Appendix D will be available online at: <a href="http://www.hudclips.org/cgi/index.cgi">http://www.hudclips.org/cgi/index.cgi</a></p> <p>All valuation conditions, including repairs, alterations and/or required inspections, will be reported within the appropriate section of the applicable Fannie Mae appraisal reporting form.</p> <p>For 2-4 unit properties - appraiser to use FNMA 1025 Small Residential Income Property Appraisal Report Form</p> <p>Appraisal must comply with the FHA Appraisal Independence Policy <u>Appraisal Validity Periods and Extensions</u> The term of the appraisal begins on the day the home is inspected by the FHA-approved appraiser and this date appears on the URAR. Most appraisals are valid for a period of 120 days. If a borrower signs a valid sales contract or is approved for a loan prior to the expiration date of the appraisal, the term of the appraisal may be extended, at the option of the lender, for 30 days to allow for the approval of the borrower and closing of the loan. See HUD Manual 4155.2 4.4 for complete information.</p> <p>HUD REO properties a new appraisal is not required unless one or more applies as follows.</p> <ul style="list-style-type: none"> <li>• The current “as is” appraisal is over 4 months old <b>and</b> a valid HUD contract was not executed prior to the expiration date of the appraisal</li> <li>• (In instances where the “as is” appraisal is more than 4 months old and a valid HUD sales contract was executed prior to the expiration date of the appraisal, the current “as is” appraisal should be used)</li> <li>• The current “as is” appraisal is over 4 months old and the purchasers have not already been approved for the loan</li> <li>• A copy of the appraisal was ordered from the “Marketing and Management (M&amp;M) contractor” but the M&amp;M contractor is unable to provide the report.</li> </ul> <p>A Compliance Certification is required for follow-up repairs or completion of items on any new construction loan.</p> <p>Second Appraisal: The second appraisal requirements are as follows.</p> <ul style="list-style-type: none"> <li>• An FHA roster appraiser must perform the appraisal in compliance with all FHA appraisal reporting requirements (i.e. an FHA appraisal)</li> <li>• The lender may not use an appraisal completed for a conventional loan even if it was completed by an FHA roster appraiser</li> <li>• The lender may not charge the cost of the second appraisal to the homebuyer</li> </ul> <p>The lender must not use this appraisal for case processing and must not enter it into FHA Connection</p>								
<b>Appraiser</b>	Appraisers must be on FHA’s approved list on the FHA Connection with State Certification designation of Certified General								

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<b>Requirements</b>	<p>or Certified Residential</p> <p>The assigned appraiser must perform the physical inspection of the property. He/she may not sign the appraisal performed by another appraiser</p> <p>Appraiser must comply with the FHA Appraisal Independence Policy</p>
<b>Assets</b>	<p><b>Borrower Investment</b></p> <p>Purchase Transactions - Sections 203b and 234c</p> <ul style="list-style-type: none"> <li>• Minimum down payment is 3.5% of the sale price or appraised value, whichever is less</li> <li>• The 3.5% cannot be met by borrower-paid closing costs, prepaid expenses, commitment fees or discount points or premium pricing</li> </ul> <p>Premium Pricing</p> <ul style="list-style-type: none"> <li>• Prepaid expenses and/or closing costs may be paid with premium pricing (subject to compensation rules).</li> </ul> <p><b>Seller Contributions</b></p> <ul style="list-style-type: none"> <li>• 6% of the lesser of the property's sales price or the appraised value</li> <li>• Seller contributions limited to: <ul style="list-style-type: none"> <li>• Buyer's closing costs</li> <li>• Discount points</li> <li>• Prepaid Expenses</li> <li>• UFMIP (entire)</li> </ul> </li> </ul> <p><b>Business Funds</b></p> <ul style="list-style-type: none"> <li>• If business funds are used for down payment, closing costs and/or reserves, the borrower must be the sole proprietor or 100% owner of the business or provide verification from the other owners that the borrower has access to the funds.</li> <li>• The impact of the withdrawal must be considered in the analysis of the business based on the personal and/or business tax returns. Underwriter must complete a cash flow analysis of the business. The analysis must indicate that withdrawal of funds will not have a detrimental effect on the borrower's business. A CPA letter will not suffice.</li> </ul> <p><b>Sale of Personal Property</b></p> <p>Documentation must be obtained evidencing:</p> <ul style="list-style-type: none"> <li>• Proof of ownership</li> <li>• Third party verification of the value of the asset</li> <li>• Evidence of sale/bill of sale of the asset</li> <li>• Proof of receipt of funds</li> </ul> <p><b>Gifts</b></p> <ul style="list-style-type: none"> <li>• Eligible to use toward all down payment, closing costs and prepaids</li> <li>• Gift must come from a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower</li> <li>• Gift given in the form of CASH is ineligible</li> <li>• Impac approved Down Payment Assistance programs are eligible</li> <li>• Expanded Credit Score (580-619) <ul style="list-style-type: none"> <li>○ Borrowers using gift funds are limited to 100% payment shock</li> <li>○ First Time Home Buyers using gifts are limited to 50% payment shock</li> </ul> </li> </ul> <p><b>Reserves</b></p> <ul style="list-style-type: none"> <li>• 1 - 2 units – None</li> <li>• 3 - 4 units – 3 months PITI</li> <li>• If using "significant reserves" as a compensating factor, a minimum 3 months PITI must be documented.</li> <li>• Only retirement accounts accessible for liquidation may be counted as reserves.</li> <li>• Accounts not accessed for liquidation by the borrower until retirement age may not be counted as part of the borrower reserves</li> <li>• See ML2014-02 for new <u>reserve requirements</u> and <u>compensating factors</u> on <u>manually underwritten</u> loans effective with case numbers assigned on or after April 21, 2014.</li> <li>• Effective with case numbers assigned on or after April 21, 2014, excess gift funds may <b>not</b> be counted as reserves for <u>manually</u> underwritten loans</li> <li>• For TOTAL Scorecard approvals the portion of a gift not used to meet closing requirements may be counted as reserves <b>except</b> on loans involving 3-4 unit properties.</li> </ul>
<b>Assumptions</b>	Permitted – Credit worthy borrowers only



<p><b>Borrower Eligibility</b></p>	<p><b>Eligible</b>  All Borrowers, including permanent resident aliens must have a valid social security number. Validate the social security number using any one of the following.</p> <ul style="list-style-type: none"> <li>• Social Security Card</li> <li>• Pay stub</li> <li>• W-2</li> <li>• Tax Transcripts</li> <li>• Validation from SSA</li> </ul> <p>Permanent Resident Aliens</p> <ul style="list-style-type: none"> <li>• Same eligibility requirements as US Citizens</li> <li>• Evidence of lawful, permanent residency issued by the Bureau of Citizenship and Immigration Services (BCIS), formerly the INS.</li> <li>• Copy of the Alien Registration Receipt Card (Resident Alien card), I-551</li> </ul> <p>Inter Vivos Revocable Trust</p> <ul style="list-style-type: none"> <li>• Note: A Power of Attorney is not allowed on properties held in a trust</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>• Foreign Nationals</li> <li>• Non-Permanent Resident Aliens</li> <li>• Land Trusts</li> </ul>
<p><b>Co-borrowers/ Co-signers</b></p>	<p><b>Co-borrower</b></p> <ul style="list-style-type: none"> <li>• Co-borrower <b>must take title</b> to the property</li> <li>• Co-borrower must sign all documents including the Loan Application, Note and the Mortgage/Deed of Trust</li> <li>• The co-borrower cannot be the seller, builder, real estate agent, etc. <b>unless</b> the seller is a parent*.</li> <li>• Income, assets and debts from all borrowers (including co-borrowers) are used in qualifying</li> <li>• Co-borrower <b>must</b> have a principal residence in the U.S.</li> <li>• Co-borrower <b>does not</b> have to occupy the subject property.</li> <li>• <b>If the LTV exceeds 75% and the co-borrower(s) will not occupy</b>, the following additional requirements must be met: <ul style="list-style-type: none"> <li>• <b>Subject must be a 1-unit</b> property</li> <li>• The Co-borrower(s) must be a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower <ul style="list-style-type: none"> <li>• If the co-borrower is unrelated or does not have a long standing relationship with the borrower, the maximum LTV is 75%</li> <li>• *If a parent is selling to a child, the parent cannot be the co-borrower unless the LTV ≤ 75%</li> </ul> </li> </ul> </li> </ul> <p><b>Co-signers - ineligible</b></p> <p><b>Non-occupant co-borrowers must always have a qualifying credit score.</b></p>
<p><b>Credit</b></p>	<p><b>Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types.</b></p> <ul style="list-style-type: none"> <li>• AUS Approved loans – Credit evaluated by AUS, subject to clear CAIVRS, LDP and GSA search results <ul style="list-style-type: none"> <li>○ Housing (Mortgage/Rental) Delinquencies - Loans will be ineligible if there is one or more housing (mortgage/rental) delinquency that is 1x60, 1x90, 1x120, 1x150 days or greater reported within 12 month of the date of the credit report</li> </ul> </li> <li>• AUS Refer and manually underwritten loans <ul style="list-style-type: none"> <li>○ FHA Credit Standards apply, subject to clear CAIVRS, LDP and GSA search results.</li> <li>○ For purchase transactions: 12 month housing payment (mortgage/rental) history via a credit report, cancelled checks or VOM to reflect no more than 0 x 30 in the previous 12 months.</li> </ul> </li> <li>• Non-Purchasing Spouses – Refer to <i>Special Requirements/Restrictions</i></li> </ul> <p><b>Minimum Credit Score Requirements (see Loan Amount &amp; LTV Limitations)</b></p> <ul style="list-style-type: none"> <li>• <b>580</b> for both AUS TOTAL Scorecard approvals and manual underwrite</li> <li>• Refer to Impac's <i>Refinance Options</i> guidelines for additional requirements for refinance transactions</li> </ul> <p><b>Expanded Credit Score Criteria (applies to credit scores 580 – 619)</b></p> <ul style="list-style-type: none"> <li>• Payment Shock <ul style="list-style-type: none"> <li>○ First Time Home Buyers (FTHB) = 100%</li> <li>○ First Time Home Buyers (FTHB) with gift funds = 50%</li> <li>○ Non-FTHB with gift funds = 100%</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Cancelled checks (12 months) or bank statements (12 months) are required to validate payment shock</li> <li>• 1-2 unit properties only</li> <li>• Maximum DTI 31/43, no exceptions</li> <li>• High Balance loans (base loan amount &gt; \$417,000) not allowed for credit score &lt; 600</li> </ul> <p><b><u>Minimum Decision Credit Score</u></b>  A minimum decision credit score is determined for each borrower. Where the loan involves multiple borrowers, select the lowest minimum decision credit score for all borrowers. Where the loan involves multiple borrowers and one or more of the borrowers do not have a credit score (non-traditional or insufficient credit), use the lowest minimum decision credit score of the borrower(s) with credit score(s).</p> <p><b><u>Non-traditional Credit</u></b>  Borrowers with non-traditional credit (or insufficient credit) must qualify based on the guidance in HUD 4155.1 4.C.3 If TOTAL renders an “accept/approve” risk classification, it can be relied on (subject to correct data) <b><u>EXCEPT</u></b> when <b><u>none of the owner-occupants has a credit score.</u></b> In such cases, the loan must be underwritten using the insufficient credit underwriting guidelines.</p> <p><b><u>Borrower with one credit score eligible as follows:</u></b></p> <ul style="list-style-type: none"> <li>• TOTAL Scorecard Approve/Eligible decision required</li> <li>• Credit data is available from one repository and credit score is obtained from that repository</li> <li>• A three in-file merged credit report was ordered</li> </ul> <p>A loan that has either:</p> <ul style="list-style-type: none"> <li>• A combination of borrower(s) with score(s) and borrower(s) with no score that receives a “Refer” or “Manual Downgrade” or</li> <li>• None of the occupant borrowers have a score</li> </ul> <p>must be evaluated according to HUD Handbook 4155.1 1.C.5. FHA prefers that all non-traditional credit references be verified by a credit bureau and reported back to the lender as a non-traditional mortgage credit report (NTMCR) in the same manner as traditional credit references. Impac requires non-traditional credit reports from Impac-approved credit agencies.</p> <p><b><u>Waiting Periods after Significant Derogatory Credit Events</u></b>  The waiting period commences on the completion, discharge or dismissal date (as applicable) of the derogatory credit event and ends on the credit report date of the credit report used to approve the new loan. Impac follows standard FHA Waiting Period Requirements. Reduced waiting periods “with Extenuating Circumstances” are allowed at underwriter discretion with appropriate documentation.</p> <p><b><u>FHA Back to Work – Extenuating Circumstances</u></b>  Impac follows the guidance in ML13-26 which is valid for case numbers on or after August 15, 2013 through September 30, 2016.</p> <p><b><u>Collections, Judgments, Disputed Accounts</u></b>  Collections, Judgments, and Disputed Accounts should be handled in accordance with HUD Manual 4155.1 and Mortgagee Letters 13-24 and 13-25, and updates if any. (See below for Impac additional requirement for charge offs)</p> <ul style="list-style-type: none"> <li>• Additional requirement for charge offs – For non-medical charge off accounts the underwriter must calculate a monthly payment of 5% of the outstanding balance of each charge off, and include the monthly payment in the borrower’s debt-to-income ratio.</li> <li>• Collections are not required to be paid off however unpaid collections could affect borrower’s ability to repay the mortgage. If the total amount of non-medical collections is ≥ \$2,000, the underwriter must perform a capacity analysis <ul style="list-style-type: none"> <li>○ Unless excluded by state law, collections of non-borrowing spouses in community property states are included in the balance</li> </ul> </li> <li>• Capacity analysis includes <b><u>any</u></b> of the following actions: <ul style="list-style-type: none"> <li>○ At or prior to closing, account is paid in full (verification of acceptable source of funds used is required)</li> <li>○ Borrower makes payment arrangements with creditor <ul style="list-style-type: none"> <li>▪ Must be verified through credit report or letter from creditor</li> <li>▪ Monthly payment must be included in DTI ratio</li> </ul> </li> </ul> </li> <li>• Calculate monthly payment of 5% of each collection and include in DTI ratio</li> </ul> <p><b><u>Liabilities</u></b></p> <ul style="list-style-type: none"> <li>• True co-signed (guarantor) accounts do not have to be included in the debt if underwriter verifies both 12 month history and that the payments are being made by the primary obligor.</li> <li>• If the credit report does not reflect a monthly payment on any open account (e.g., Amex), then 5% of the balance or \$10, whichever is greater, is to be used.</li> </ul>
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## FHA Purchase

	<ul style="list-style-type: none"> <li>Deferred student loans are not included in the debt-to-income (DTI) ratios if the deferment is verified for a minimum of 12 months from the closing date.</li> <li>Lease payments (particularly auto leases) should typically be included in the DTI regardless of the remaining term</li> <li>If there is a business debt in the borrower's name, then the payment must be included in the total DTI ratio unless the borrower can provide documentation evidencing the obligation is paid from the company funds (except when a sole proprietor has filed a Schedule C with their personal income tax returns) <ul style="list-style-type: none"> <li>This can be done by obtaining a letter from the accountant and 12 months cancelled checks; in addition to having a satisfactory payment history</li> <li>Note: All debts must be included in DTI for Schedule C borrowers</li> </ul> </li> </ul>
<b>Documentation</b>	<p>Document as determined by AUS findings, FHA Manual and Impac guidelines.</p> <p>Impac does not allow electronic signatures on any closing documents. All documents provided at closing for signature must have original signatures.</p>
<b>Escrow Holdback</b>	<p>Repair Escrow for FHA 203(b) – A financed repair escrow for HUD REO is ineligible. However a buyer funded cash escrow in accordance with Impac's Escrow Holdback Policy is allowed on HUD REO properties as well as regular FHA purchase transactions.</p>
<b>Escrow Waivers</b>	<p>Ineligible, escrow account may not be waived.</p>
<b>Financing Types</b>	<p>Purchase Mortgages</p> <ul style="list-style-type: none"> <li>Expanded Credit Score (580-619) – Payment Shock <ul style="list-style-type: none"> <li>First Time Home Buyers are limited to 100% payment shock</li> </ul> </li> </ul> <p>Refinance Transactions refer to Impac's FHA Standard Refinance Option or Impac's FHA Streamline Refinance Option Matrix</p> <p>Construction to Permanent mortgages are ineligible</p> <p><b>90 Day Resale Waiver:</b>  <b>Purchase Mortgages</b> – Seller has owned property and on title less than 90 days at time of the purchase contract or earnest money agreement.</p> <ul style="list-style-type: none"> <li>The Seller's 90-day is calculated based on the Seller's date of acquisition which is the settlement date of the Seller's purchase of the property.</li> <li>The resale date is the date of the sales contract by a buyer intending to finance the property with an FHA-insured loan is signed.</li> </ul> <p><b>FHA Regulatory Exemptions –sales transactions exempt from FHA's 90-day rule are as follows.</b></p> <ul style="list-style-type: none"> <li>Builder selling a newly built home or building a home for a borrower wishing to use FHA-insured financing.</li> <li>Property acquired by an employer or relocation agency in connection with the relocation of an employee.</li> <li>Resale of property by HUD under HUD's Real Estate Owned (REO) program.</li> <li>Sale of single family properties by other United States Government agencies pursuant to programs operated by these agencies.</li> <li>Sale of property by nonprofits approved to purchase HUD-owned single family properties at a discount with resale restrictions.</li> <li>Sale of property acquired by the seller through inheritance.</li> <li>Sale of properties by state and federally-chartered financial institutions and government sponsored enterprises.</li> <li>Sale of property by local and state government agencies.</li> <li>Sale of properties within Presidentially Declared Disaster Areas.</li> </ul> <p>Any subsequent resale of the property described above must meet the 90-day threshold in order for the mortgage to be eligible as security for FHA insurance (or follow the terms of the waiver on the following page).</p> <p>Seller of the property must be on title as the owner of record:</p> <ul style="list-style-type: none"> <li>To be eligible for a mortgage insured by FHA <ul style="list-style-type: none"> <li>Property must be purchased from the owner of record,</li> <li>The transaction may not involve any sale or assignment of the sales contract, and</li> <li>The lender must obtain documentation verifying the seller is the owner of record.</li> </ul> </li> </ul>
<b>Geographic Locations/ Restrictions, as applicable</b>	<p>Eligible states are as follows:</p> <ul style="list-style-type: none"> <li><b>Wholesale:</b> AK, AL, AR, AZ, CA, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, MT, NC, ND, NE, NV, OK, OR, SC, SD, TN, TX, UT, VA, WA, WI, WV</li> </ul> <p>Additional restrictions as follows:  Texas Cash-out 50(a)(6) is ineligible</p>

	<p>State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p>
<p><b>Good Neighbor Next Door Program</b></p>	<p>This is a standard FHA flexibility allowed for HUD REO properties. The program helps borrowers in certain service occupations obtain a home in a revitalization area at a 50% discount from list price. These FHA loans do not have special coding (e.g., case number suffix/ADP code). Impac does not have a separate product code for these loans.</p> <p><u>Summary of Good Neighbor Next Door Program</u></p> <ul style="list-style-type: none"> <li>• Allows law enforcement officers, K-12 teachers, firefighters/emergency medical technicians to purchase a HUD REO at a 50% discounted price</li> <li>• Borrower pays \$100 down and may finance <u>closing costs, prepaids, and Up Front Mortgage Insurance Premium (UFMIP)</u> into an FHA loan. (HUD will not pay any closing costs or real estate commissions for the buyer)</li> <li>• HUD provides a “silent second” for 50% of purchase price, zero interest, zero payment, forgivable after 3 years of borrower’s primary residency in the home. (HUD views the occupancy obligation seriously and vigorously pursues violators to the fullest extent of the law. HUD may foreclose this mortgage if borrower does not comply with occupancy requirement.)</li> <li>• Buyer must make a full price offer. Many times there are multiple offers for a property and the buyer is then determined by lottery</li> <li>• Borrower is not required to be a first time home buyer...however, borrower and borrower’s spouse may not have owned <u>any</u> residential real estate during the one year prior to submitting a bid</li> </ul> <p>For additional information on Good Neighbor Next Door Program see:  <a href="http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sth/reo/goodn/gnndabot">http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sth/reo/goodn/gnndabot</a></p>
<p><b>High-Cost Mortgage Loans</b></p>	<p>Impac does not originate or purchase high-cost mortgage loans (12 CFR 1026.32)</p>
<p><b>Identity of Interest Transactions</b></p>	<p>Per ML 12-3, for the purpose of Identity of Interest transactions, the definition of family member includes:</p> <ul style="list-style-type: none"> <li>• Child, parent, or grandparent</li> <li>• Spouse</li> <li>• Legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption</li> <li>• Foster child</li> <li>• Brother, stepbrother</li> <li>• Sister, stepsister</li> <li>• Uncle or Aunt</li> </ul> <p>Note: A child is defined as a son, stepson, daughter, or stepdaughter. A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent.          Identity of Interest transactions may result in a reduced maximum loan-to-value limitation.</p>
<p><b>Income</b></p>	<p><u>Documentation for Self-Employed Borrowers (ML 2012-3)</u>          A Profit &amp; Loss Statement (P&amp;L) and Balance Sheet are required if more than a calendar quarter has elapsed since the date of the most recent calendar or fiscal year end tax return filed by the borrower – with no exceptions. Income used to qualify the borrower may NOT exceed the two year average of tax returns. Impac does not accept audited P&amp;L or signed quarterly tax returns used to increase qualifying income.</p> <p><b>Question:</b> If a loan application is dated May 1st and the last tax filing was for the previous calendar year, do we need a year-to-date Profit and Loss statement for a self-employed borrower?  <b>Answer:</b> Yes, no more than one calendar quarter may elapse without income documentation.</p> <p>To determine if the business can be expected to continue to generate sufficient income for the borrower's needs, lenders must analyze carefully the business's financial strength, the source of its income, and the general economic outlook for similar businesses in the area. Annual earnings that are stable or increasing are acceptable. Conversely, a borrower whose business shows a significant decline in income over the period analyzed is not acceptable, even if current income and debt ratios meet FHA guidelines.</p> <p>Mortgage Credit Certificates (MCC) are not allowed for qualifying income.          Section 8 Housing Vouchers are not allowed.</p> <p><u>Converting Existing Homes to Rentals (ML2008-25)</u>          Rental income on the property being vacated, reduced by the appropriate vacancy factor as determined by the jurisdictional FHA Homeownership Center (see HUD FAQ – “vacancy” <a href="http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ">http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ</a> )</p> <ul style="list-style-type: none"> <li>• Santa Ana HOC – 15% vacancy rate</li> <li>• Philadelphia HOC – 15% vacancy rate</li> <li>• Atlanta HOC – 15% vacancy rate</li> <li>• Denver HOC – 25% vacancy rate</li> </ul>

## FHA Purchase

	<p>may be considered under the following circumstances:</p> <p><u>Relocations:</u> The homebuyer is relocating with a new employer, or being transferred by the current employer to an area not within reasonable and locally recognized commuting distance. A properly executed lease agreement of at least one year's duration after the loan is closed is required. Underwriter should also obtain evidence of the security deposit and evidence the first month's rent was paid to the homeowner</p> <p><u>Sufficient Equity in Vacated Property:</u> The homebuyer has a loan-to-value (LTV) ratio of 75% or less, as determined by either a current (no more than six months old) residential appraisal or by comparing the unpaid principal balance to the original sales price of the property. The appraisal may be an exterior-only appraisal (e.g., 2055, 1075)</p> <p><u>Social Security Income</u> All income from the Social Security Administration (SSA) including, but not limited to, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), and Social Security Income, can be used to qualify the borrower if the income has been verified, and is likely to continue for at least a three year period from the date of mortgage application. (see ML2012-15)</p> <p><u>Employment Gaps</u> Any gaps in employment (AUS &gt; 6 months; Manual u/w &gt; 1 month) must be explained in writing by the borrower(s) and must make sense in regards to the borrower's work history.</p>
<p><b>Internet Links</b></p>	<p>To access pertinent Lender info including handbooks and mortgagee letters from HUD.GOV: <a href="http://portal.hud.gov/hudportal/HUD?src=/groups/lenders">http://portal.hud.gov/hudportal/HUD?src=/groups/lenders</a></p>
<p><b>Limitations on Other Real Estate Owned</b></p>	<p>To prevent circumvention of the restrictions on FHA-insured mortgages to investors, <b>FHA generally will not insure more than one mortgage for any borrower</b> (transactions in which an existing FHA mortgage is paid off and another FHA mortgage is acquired are acceptable). Any person individually or jointly owning a home covered by a mortgage insured by FHA in which ownership is maintained may not purchase another principal residence with FHA mortgage insurance except under the situations described below. Properties previously acquired as investment properties are not subject to these restrictions.</p> <p>FHA will not insure a mortgage if FHA concludes that the transaction was designed to use FHA mortgage insurance as a vehicle for obtaining investment properties, even if the property to be encumbered will be the only one owned using FHA mortgage insurance.</p> <p>FHA does not object to homebuyers using FHA mortgage insurance more than once if compatible with the homebuyer's needs and resources as follows (HUD Handbook 4155.1: 4.B.2.c-d):</p> <p><b>A. Relocations.</b> If the borrower is relocating and re-establishing residency in another area not within reasonable commuting distance from the current principal residence, the borrower may obtain another mortgage using FHA insured financing and is not required to sell the existing property covered by a FHA-insured mortgage. The relocation need not be employer mandated to qualify for this exception. Further, if the borrower returns to an area where he or she owns a property with an FHA-insured mortgage, it is not required that the borrower re-establish primary residency in that property in order to be eligible for another FHA insured mortgage.</p> <p><b>B. Increase in Family Size.</b> The borrower may be permitted to obtain another home with an FHA-insured mortgage if the number of legal dependents increases to the point that the present house no longer meets the family's needs. The borrower must provide satisfactory evidence of the increase in dependents and the property's failure to meet the family's needs. The borrower also must pay down the outstanding FHA mortgage (secondary liens do not need to be paid off or paid down) on the present property to a 75 percent or lower loan-to-value (LTV) ratio. A current residential appraisal must be used to determine LTV compliance. Tax assessments, market analyses by real estate brokers, etc., are not acceptable as proof of LTV compliance.</p> <p><b>C. Vacating a Jointly Owned Property.</b> If the borrower is vacating a residence that will remain occupied by a co-borrower, the borrower is permitted to obtain another FHA-insured mortgage. Acceptable situations include instances of divorce, after which the vacating ex-spouse will purchase a new home, or one of the co-borrowers will vacate the existing property.</p> <p><b>D. Non-Occupying Co-Borrower.</b> A non-occupying co-borrower on property being purchased with an FHA-insured mortgage as a principal residence by other family members may have a joint interest in that property as well as in a principal residence of their own with a FHA-insured mortgage. (See HUD Handbook 4155.1 for additional information).</p> <p>Under no circumstances may investors use the exceptions described above to circumvent FHA's ban on loans to private investors and acquire rental properties through purportedly purchasing "principal residences".</p>

	Considerations in determining the eligibility of a borrower for one of these exceptions are the length of time the previous property was owned by the borrower and the circumstances that compel the borrower to purchase another residence with an FHA-insured mortgage. In all other cases, the purchasing borrower either must pay off the FHA-insured mortgage on the previous residence or terminate ownership of that property before acquiring another FHA-insured mortgage.												
<b>Loan Amount</b>	<u>Expanded Credit Score (580 – 619)</u> High Balance loans (base loan amount > \$417,000) not allowed for credit score < 600												
<b>Manufactured Home Criteria</b>	<p>The following table contains overlays, clarifications, and additions to existing guidelines regarding manufactured homes.</p> <table border="1"> <tr> <td>Appraisal</td> <td> <p>Full interior and exterior appraisal must be completed (Form 1004C) All comparables should be sales of manufactured homes on permanent foundation similar to subject (e.g., similar configuration and quality) Distance of the comparable sales must be reasonable The following are ineligible:</p> <ul style="list-style-type: none"> <li>• If the site or manufactured home is substantially non-conforming with the neighborhood it is ineligible</li> <li>• Creating comparable sales by combining vacant land sales with the contract purchase price of the home is prohibited</li> </ul> </td> </tr> <tr> <td>Construction Status</td> <td> <p>Construction status is determined at time of appraisal. <u>New Construction</u> refers to properties that are <u>proposed</u>, <u>under construction</u>, or were <u>completed within one year</u> as defined below:</p> <ul style="list-style-type: none"> <li>• <u>Proposed</u> – no concrete or permanent material placed. Digging of footing and placement of re-bar is not considered permanent</li> <li>• <u>Under construction</u> – Refers to the period from first placement of permanent material to 100% completion (finalized and ready to occupy, with no certificate of occupancy (CO) issued)</li> <li>• <u>Existing (completed) for less than one year</u> – Refers to properties which are 100% complete, legally occupiable (CO issued), but never occupied. The one year new construction period runs from the date the CO is issued for up to 12 months</li> </ul> </td> </tr> <tr> <td>Credit</td> <td>Major Derogatories - Follow FHA and Impac guidelines herein</td> </tr> <tr> <td>Documentation</td> <td> <p>Evidence of surrender of certificate of title or that no certificate was issued, refer to individual state requirements.</p> <ul style="list-style-type: none"> <li>• Confirm property is legally classified and taxed as real property, on a permanent foundation, and owner owns both land and MFH</li> <li>• ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required for manufactured homes to be treated as real property</li> <li>• Deed of Trust (or other security instrument) must include a comprehensive description of the manufactured home and the land in the property description section or on a separate attached rider. The description must include the serial or VIN number for each unit/section; make, model, size, and any other information required by applicable law to definitively identify the manufactured home.</li> <li>• Affidavit of Affixture/Affixation – Borrower and Lender must sign and notarize acknowledging their mutual intent that the manufactured home be a permanent part of the real property securing the mortgage.</li> <li>• Limited Power of Attorney pertaining to title issues and foreclosure must be signed with closing documents</li> </ul> </td> </tr> <tr> <td>Financing Types</td> <td> <p>Purchase Transaction:</p> <ul style="list-style-type: none"> <li>• See <i>Construction Status</i> above for New Construction definition</li> <li>• An existing (<u>not new construction</u>) manufactured home must have been permanently attached to its foundation for a minimum of 12 months prior to the loan application date.</li> <li>• The LTV ratio for a loan secured by an existing manufactured home will be based on the lowest of: <ul style="list-style-type: none"> <li>○ The sales price of the manufactured home and land or</li> <li>○ The current appraised value of the manufactured home and land.</li> </ul> </li> </ul> </td> </tr> <tr> <td>MFH Property Requirements</td> <td> <p>Minimum 400 square feet of gross living area Multi-width only, no single wide</p> </td> </tr> </table>	Appraisal	<p>Full interior and exterior appraisal must be completed (Form 1004C) All comparables should be sales of manufactured homes on permanent foundation similar to subject (e.g., similar configuration and quality) Distance of the comparable sales must be reasonable The following are ineligible:</p> <ul style="list-style-type: none"> <li>• If the site or manufactured home is substantially non-conforming with the neighborhood it is ineligible</li> <li>• Creating comparable sales by combining vacant land sales with the contract purchase price of the home is prohibited</li> </ul>	Construction Status	<p>Construction status is determined at time of appraisal. <u>New Construction</u> refers to properties that are <u>proposed</u>, <u>under construction</u>, or were <u>completed within one year</u> as defined below:</p> <ul style="list-style-type: none"> <li>• <u>Proposed</u> – no concrete or permanent material placed. Digging of footing and placement of re-bar is not considered permanent</li> <li>• <u>Under construction</u> – Refers to the period from first placement of permanent material to 100% completion (finalized and ready to occupy, with no certificate of occupancy (CO) issued)</li> <li>• <u>Existing (completed) for less than one year</u> – Refers to properties which are 100% complete, legally occupiable (CO issued), but never occupied. The one year new construction period runs from the date the CO is issued for up to 12 months</li> </ul>	Credit	Major Derogatories - Follow FHA and Impac guidelines herein	Documentation	<p>Evidence of surrender of certificate of title or that no certificate was issued, refer to individual state requirements.</p> <ul style="list-style-type: none"> <li>• Confirm property is legally classified and taxed as real property, on a permanent foundation, and owner owns both land and MFH</li> <li>• ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required for manufactured homes to be treated as real property</li> <li>• Deed of Trust (or other security instrument) must include a comprehensive description of the manufactured home and the land in the property description section or on a separate attached rider. The description must include the serial or VIN number for each unit/section; make, model, size, and any other information required by applicable law to definitively identify the manufactured home.</li> <li>• Affidavit of Affixture/Affixation – Borrower and Lender must sign and notarize acknowledging their mutual intent that the manufactured home be a permanent part of the real property securing the mortgage.</li> <li>• Limited Power of Attorney pertaining to title issues and foreclosure must be signed with closing documents</li> </ul>	Financing Types	<p>Purchase Transaction:</p> <ul style="list-style-type: none"> <li>• See <i>Construction Status</i> above for New Construction definition</li> <li>• An existing (<u>not new construction</u>) manufactured home must have been permanently attached to its foundation for a minimum of 12 months prior to the loan application date.</li> <li>• The LTV ratio for a loan secured by an existing manufactured home will be based on the lowest of: <ul style="list-style-type: none"> <li>○ The sales price of the manufactured home and land or</li> <li>○ The current appraised value of the manufactured home and land.</li> </ul> </li> </ul>	MFH Property Requirements	<p>Minimum 400 square feet of gross living area Multi-width only, no single wide</p>
Appraisal	<p>Full interior and exterior appraisal must be completed (Form 1004C) All comparables should be sales of manufactured homes on permanent foundation similar to subject (e.g., similar configuration and quality) Distance of the comparable sales must be reasonable The following are ineligible:</p> <ul style="list-style-type: none"> <li>• If the site or manufactured home is substantially non-conforming with the neighborhood it is ineligible</li> <li>• Creating comparable sales by combining vacant land sales with the contract purchase price of the home is prohibited</li> </ul>												
Construction Status	<p>Construction status is determined at time of appraisal. <u>New Construction</u> refers to properties that are <u>proposed</u>, <u>under construction</u>, or were <u>completed within one year</u> as defined below:</p> <ul style="list-style-type: none"> <li>• <u>Proposed</u> – no concrete or permanent material placed. Digging of footing and placement of re-bar is not considered permanent</li> <li>• <u>Under construction</u> – Refers to the period from first placement of permanent material to 100% completion (finalized and ready to occupy, with no certificate of occupancy (CO) issued)</li> <li>• <u>Existing (completed) for less than one year</u> – Refers to properties which are 100% complete, legally occupiable (CO issued), but never occupied. The one year new construction period runs from the date the CO is issued for up to 12 months</li> </ul>												
Credit	Major Derogatories - Follow FHA and Impac guidelines herein												
Documentation	<p>Evidence of surrender of certificate of title or that no certificate was issued, refer to individual state requirements.</p> <ul style="list-style-type: none"> <li>• Confirm property is legally classified and taxed as real property, on a permanent foundation, and owner owns both land and MFH</li> <li>• ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required for manufactured homes to be treated as real property</li> <li>• Deed of Trust (or other security instrument) must include a comprehensive description of the manufactured home and the land in the property description section or on a separate attached rider. The description must include the serial or VIN number for each unit/section; make, model, size, and any other information required by applicable law to definitively identify the manufactured home.</li> <li>• Affidavit of Affixture/Affixation – Borrower and Lender must sign and notarize acknowledging their mutual intent that the manufactured home be a permanent part of the real property securing the mortgage.</li> <li>• Limited Power of Attorney pertaining to title issues and foreclosure must be signed with closing documents</li> </ul>												
Financing Types	<p>Purchase Transaction:</p> <ul style="list-style-type: none"> <li>• See <i>Construction Status</i> above for New Construction definition</li> <li>• An existing (<u>not new construction</u>) manufactured home must have been permanently attached to its foundation for a minimum of 12 months prior to the loan application date.</li> <li>• The LTV ratio for a loan secured by an existing manufactured home will be based on the lowest of: <ul style="list-style-type: none"> <li>○ The sales price of the manufactured home and land or</li> <li>○ The current appraised value of the manufactured home and land.</li> </ul> </li> </ul>												
MFH Property Requirements	<p>Minimum 400 square feet of gross living area Multi-width only, no single wide</p>												

		<p>The land where the manufactured home rests must be fee simple  The MFH must be a one-unit dwelling legally classified as real property  The towing hitch, wheels, and axles must be removed  The MFH must assume the same characteristics of a site-built housing  The MFH must have sufficient square footage and room dimensions to be acceptable to purchasers in the subject market area  The MFH must be located on an all-weather accessible road</p> <p>The MFH must have been built in compliance with Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976 as amended and in force at the time the home is manufactured, and additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280 as evidenced by:</p> <ul style="list-style-type: none"> <li>• HUD Data Plate/Compliance Certificate – A paper document located on the interior of the subject property that contains, among other things, the manufacturer’s name and trade/model number. In addition the data plate includes pertinent information about the unit including a list of factory-installed equipment; and</li> <li>• HUD Certification Label (sometimes referred to as a HUD “seal” or “tag”) – A metal plate located on the exterior of each section of the home</li> </ul> <p>The appraisal form 1004C must indicate evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label  The MFH must be attached to a permanent foundation system  The MFH must be permanently connected to the septic or sewage system  The MFH must be permanently connected to all necessary utilities (water, electricity, gas service, etc.)  The MFH must not have been installed or occupied previously at any other location or site (re-siting)  The MFH must not have any additions or structural modifications to the original structure</p> <ul style="list-style-type: none"> <li>• This includes additional room count or additional living area square footage or penetrations through the shell of the property</li> </ul> <p>Typical porches and decks installed at time of siting, as well as adjacent carports and garages are allowed.</p> <p><u>Foundation Certification</u>  File must contain an Engineer’s Certification on Foundation Compliance attesting to compliance with the current PFGMH (4930.3), that must be:</p> <ul style="list-style-type: none"> <li>• Completed by a licensed professional engineer or registered architect licensed/registered in the state where the manufactured home is located</li> <li>• Site-specific, and</li> <li>• Included in both the lender’s loan file and the insuring binder submitted to FHA</li> </ul> <p>Note: The certification must contain the engineer’s or registered architect’s signature, seal, and/or state license/certification number. In states where seals are issued, the seal must be on the certification.</p> <p>A copy of the foundation certification, showing that the foundation met the PFGMH guidelines that were in effect at the time of certification, is acceptable for future FHA loans, provided there are no alterations and/or observable damage to the foundation.</p> <p>A copy of the foundation certification is <u>not required</u> in the loan file or insuring binder for any FHA-to-FHA transaction, provided that</p> <ul style="list-style-type: none"> <li>• no modifications have been made to the foundation or structure from the date of the effective certification, or</li> <li>• FHA/HUD Real Estate Owned (REO) Division sales</li> </ul>
	FHA References	4145.1 3-4; 4150.2 8, & Appendix D-2; 4155.1 3, 4; 4155.2 4.10; 4930.3 – <i>Permanent Foundations Guide for HUD Manufactured Housing</i> FHA FAQ site: <a href="http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ">http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ</a>
	Other Information	Properties that are under construction or existing for less than one year are limited

		<p>to 90% LTV unless:</p> <ul style="list-style-type: none"> <li>o The mortgagee issued an Early Start Letter;</li> <li>o A building permit and CO were issued by the local jurisdiction; or</li> <li>o The property has a 10-year warranty</li> </ul> <p>Proposed construction may not exceed 90% LTV</p>
	Restrictions	<ul style="list-style-type: none"> <li>• The following are ineligible: <ul style="list-style-type: none"> <li>o Non-traditional credit</li> <li>o ARMs</li> <li>o High Balance loans</li> <li>o Re-siting of manufactured home</li> <li>o Single Width manufactured home</li> <li>o Manufactured home in condominium project</li> <li>o Manufactured home on leasehold</li> <li>o MFH properties within SFHA (Special Flood Hazard Area) or any property that requires flood insurance</li> </ul> </li> </ul>
	Termite Control	<p>The steel chassis under a newly-constructed manufactured home unit is not an effective termite barrier. Any one, or a combination of the following methods is required for maximum protection against termites, including</p> <ul style="list-style-type: none"> <li>• Chemical soil treatment</li> <li>• EPA-registered bait treatments</li> <li>• Pressure preservative-treated wood, or</li> <li>• Naturally termite-resistant wood.</li> </ul> <p>Termite protection policies for existing manufactured homes are handled in the same manner as stick-built homes. State or local requirements are to be followed.</p>
<b>Mortgage Insurance</b>	<p>Mortgage Insurance is required on all loans.</p> <ul style="list-style-type: none"> <li>• <b>New MIP factors apply for case numbers assigned on or after June 11, 2012</b> (Refer to the FHA Mortgage Insurance Premium Matrix at the end of the guideline for details on UFMIP and monthly MIP)</li> <li>• The section of the Act under which the loan will be insured determines the mortgage insurance to be used.</li> </ul> <p><b>Sections 203b, and 234c (Condos)</b></p> <ul style="list-style-type: none"> <li>• Up Front MIP (UFMIP) is required</li> <li>• Monthly MIP is required</li> <li>• Refer to the attached matrix for details on UFMIP and monthly MIP</li> </ul>	
<b>Occupancy</b>	Primary Residence	
<b>Prepayment Penalty</b>	Not permitted. However, if refinancing and the payoff check for the existing loan is not received by the servicing lender by the first day of the month, the lender may collect interest on the existing loan through the end of the month.	
<b>Program Exclusions</b>	<p>HUD Section 184 Indian Home Loan Guarantee Program</p> <p>HUD Section 247 Hawaiian Home Lands</p>	
<b>Property Inspection</b>	<p>This section pertains to property inspections required as part of 90 day resale waiver.</p> <p>Required if the resale price of the property is greater than 20 percent above the seller's acquisition cost</p> <ul style="list-style-type: none"> <li>• Property inspection report must be provided to the buyer before closing</li> <li>• The borrower, lender, or mortgage broker may order the property inspection</li> <li>• The lender or mortgage broker may charge the borrower for the inspection report.</li> </ul> <p>If the inspection report notes repairs are required because of structural or "health and safety" issues, those repairs must be completed prior to closing. After completion of repairs to address structural or "health and safety" issues, the inspector must conduct a final inspection to determine if the repairs have been completed satisfactorily and eliminated the structural or "health and safety" issues. The borrower, lender or mortgage broker may order the final inspection.</p>	
<b>Property Inspection Certification</b>	<p>This section pertains to property inspections required as part of 90 day resale waiver.</p> <p>At time of inspection the property inspector must certify in writing to the following.</p> <ul style="list-style-type: none"> <li>• Inspector has no interest in the subject property.</li> <li>• Inspector has no relationship with the seller.</li> <li>• Inspector must not receive any compensation for the inspection from any party other than the lender.</li> <li>• Inspector may not compensate anyone for the referral of the inspection.</li> <li>• Inspector may not receive any compensation for referring or recommending contractors to perform any repairs recommended by the inspection.</li> </ul>	



## FHA Purchase

	Inspector may not be involved in performing any repairs recommended by the inspection.
<b>Property Types</b>	<p>Eligible</p> <ul style="list-style-type: none"> <li>• 1 - 2 units</li> <li>• 3 – 4 units <ul style="list-style-type: none"> <li>• Net rents from all units, including primary unit, must be equal to or exceed mortgage payment. Net rent is calculated using the allowable vacancy factor for the applicable FHA HOC.</li> <li>• Ineligible with Expanded Credit Score (580-619)</li> </ul> </li> <li>• PUDs</li> <li>• Condos <ul style="list-style-type: none"> <li>• Must be on FHA's approved list</li> <li>• If the condo project has been withdrawn from FHA's approved list or does not comply with FHA's condominium project eligibility guidelines as determined by the Loan-level certification for Individual Unit Financing process is ineligible.</li> <li>• Site condos do not require condominium project approval</li> </ul> </li> <li>• Modular Pre-Cut/panelized Housing</li> <li>• Manufactured Housing (see separate <i>Manufactured Home Criteria</i> section)</li> </ul> <p>Ineligible</p> <ul style="list-style-type: none"> <li>• Condo Hotels</li> <li>• Co-ops</li> <li>• Properties located within designated Coastal Barrier Resource system (CBRS) areas</li> </ul>
<b>Qualifying Rate and Ratios</b>	<p>Qualify at the note rate (fixed rate loans and hybrid ARMs, including 3/1 and 5/1)</p> <p><b>Ratios</b>  AUS approved – ratios evaluated by AUS (except expanded credit score, see below)  AUS Refer may be manually underwritten so long as loan is "eligible" (e.g., Refer/Eligible)</p> <p>See ML2014-02 for new reserve and Debt-to-Income (DTI) ratio requirements on <u>manually underwritten</u> loans effective with case numbers assigned on or after April 21, 2014.</p> <p>Expanded Credit Score (580-619) - Maximum DTI Ratios = 31/43, no exceptions</p>
<b>Secondary Financing</b>	<p>Impac approved Down Payment Assistance programs are eligible.</p> <p>Secondary financing funds may be provided by a family member <sup>1</sup></p> <ul style="list-style-type: none"> <li>• 100% of funds for down payment, closing costs, prepaid expenses and discount points may be from a secured or unsecured loan from a family member.</li> </ul> <p>Refer to HUD Handbook 4155.1, <a href="#">Chapter 5 Section C</a></p> <p><b>Footnotes:</b>  <sup>1</sup> Family member defined as child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter</p>
<b>Special Requirements/ Restrictions</b>	<p>Maximum 7 day interest credit on FHA purchase transactions</p> <p>HUD REO properties: Refer to link for State specific program updates and availability  <a href="http://portal.hud.gov/portal/page/portal/HUD/topics/hud_homes">http://portal.hud.gov/portal/page/portal/HUD/topics/hud_homes</a></p> <p><b>NOTE: The Energy Efficient Mortgage Program is not available.</b></p> <p>Form 4506-T must be processed prior to underwriting.</p> <ul style="list-style-type: none"> <li>• A new IRS Form 4506 T is required to be signed with the closing package as well as at application even when the form has been processed.</li> </ul> <p><b>Mortgage Credit Certificate (MCC)/Section 8 Vouchers</b></p> <ul style="list-style-type: none"> <li>• Ineligible</li> </ul> <p><b>CAIVRS, LDP and GSA Search</b></p> <ul style="list-style-type: none"> <li>• Check the FHA Connection and document the results on the FHA Loan Underwriting and Transmittal Summary</li> <li>• A copy of the FHA Connection screen results for all searches must be in the loan file</li> <li>• If the name of any party to the transaction appears on any of the lists below, the application is not eligible for</li> </ul>

	<p>mortgage insurance. <b>(An exception may be made when a seller appears on the LDP list and the property being sold is the seller's principal residence)</b></p> <p><b>CAIVR System</b> Access the FHA Connection to check CAIVRS for all borrowers on the transaction: Borrowers, co-borrowers and co-signors if applicable</p> <p><b>Limited Denials of Participation (LDP) List</b></p> <ul style="list-style-type: none"> <li>Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents and <b>Loan Officers</b>. The appraiser, termite co, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched</li> </ul> <p><b>Government Services Administration's (GSA) Lists of Parties Excluded from Procurement or Non-procurement programs</b></p> <ul style="list-style-type: none"> <li>Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents and <b>Loan Officers</b>. The appraiser, termite co, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched</li> </ul> <p><b>Ordering Case Numbers</b> All property types except condos</p> <ul style="list-style-type: none"> <li>Enter 703 as the ADP code on the Case Number Assignment Screen in FHA Connection</li> </ul> <p>Condos</p> <ul style="list-style-type: none"> <li>Enter 734 as the ADP Code on the Case Number Assignment Screen in FHA Connection</li> </ul> <p>Site Condos</p> <ul style="list-style-type: none"> <li>Enter 734 as the ADP Code and select Site Condo drop-down box on PUD/Condo Indicator Line of Case Number Assignment Screen.</li> </ul> <p>See <i>Adjustable Rate Details</i> for ARM ADP codes</p> <p><b>Non-Purchasing Spouse in a Community Property State</b> Community Property States are as follows.</p> <ul style="list-style-type: none"> <li>Arizona</li> <li>California</li> <li>Idaho</li> <li>Louisiana</li> <li>Nevada</li> <li>New Mexico</li> <li>Texas</li> <li>Washington</li> <li>Wisconsin</li> </ul> <p><b>If property is located in a community property state, or the borrower resides in a community property state, the following requirements apply</b> A credit report for the non-purchasing spouse is required to determine any joint or individual debts. The spouse's authorization to pull a credit report must be obtained. If the spouse refuses to provide authorization for the credit report, the loan must be rejected</p> <ul style="list-style-type: none"> <li>Even if the non-purchasing spouse does not have a social security number, the credit reporting company should verify that the non-purchasing spouse has no credit history and no public records recorded against him/her.</li> <li>Credit Company should be given non-purchasing spouse information: Name(s), address, birth date and any other significant information requested in order to do the records check.</li> </ul> <p>The debts of the non-purchasing spouse must be considered in the qualifying ratios.</p> <p>The greater of the monthly payment amount or 5% of the outstanding balance if minimum payment is not reflected on credit report of the non-purchasing spouse must be included in the qualifying ratios All defaulted federal debt, open judgments and liens, including those of the non-purchasing spouse, must be satisfied prior to or at closing. Disputed debts of the non-purchasing spouse need not be counted provided the file contains documentation to support the dispute. Credit history of the non-purchasing spouse should not be the basis for declining the loan.</p> <p><b>Wood Destroying Insects/Organism Requirements</b> FHA no longer mandates automatic inspections. Inspections are required if:</p> <ul style="list-style-type: none"> <li>Evidence of active infestation</li> <li>Mandated by the state or local jurisdiction</li> <li>Customary to the area</li> </ul>
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	<ul style="list-style-type: none"> <li>At lender's discretion</li> </ul>
<p><b>Underwriting</b></p>	<p>Loans must be underwritten by a DE Underwriter employed by Impac          May follow AUS Approve decision and documentation requirements and these guidelines.</p> <ul style="list-style-type: none"> <li>Refer to <i>Credit</i> for additional restrictions</li> </ul> <p><b>Underwriting HUD Employee Loans</b></p> <ul style="list-style-type: none"> <li>If the applicant is an employee of HUD or a member of a HUD-employee's household (spouse, parent or child), the application must be submitted to the Homeownership Center for prior approval processing              Contact the respective HOC (Homeownership Center) for procedures</li> </ul> <p><b>AUS (TOTAL Scorecard)</b></p> <ul style="list-style-type: none"> <li>All loans must be submitted thru FHA TOTAL Scorecard</li> <li>AUS Approve – All loan data submitted to AUS for Approved/Accept Finding must be accurate and validated</li> <li>Manual Downgrades – A manual downgrade from an Approved TOTAL decision to a REFER/Manual Underwrite decision is required if additional information, not considered by TOTAL Scorecard affects the overall insurability or eligibility of the mortgage. The list below includes but is not limited to the events that will require the DE underwriter to manually downgrade a recommendation from an Approved to a Refer/Manual underwrite;             <ul style="list-style-type: none"> <li>Delinquent Federal Debt (revealed by CAIVRS, Public Records, GSA/LDP lists)</li> <li>Previous mortgage foreclosure, deed-in-lieu, short sale on delinquent mortgage within previous 3 years</li> <li>Both Chapter 7 and Chapter 13 bankruptcy discharged within two years of loan application</li> <li>Mortgage lates of 90 days total or greater including 3x30X12,1X60 plus 1X30,etc)</li> <li>If Credit report reveals or indicates that Borrower is disputing any credit accounts or public records</li> </ul> </li> <li>AUS REFER – Loan must meet manual underwriting guidelines. Refer to Comprehensive Risk Assessment Worksheet at the end of this document for assistance with risk determination.             <ul style="list-style-type: none"> <li>Comprehensive Risk Assessment Worksheet not required for Streamline Refinance transactions.</li> </ul> </li> </ul> <p><b><u>Manual Underwriting for Loans with Decision Credit Score Below 620 and DTI Exceeding 43% (ML2013-05)</u></b>          Per ML2013-05, all loans with a decision credit score below 620 <u>and</u> DTI exceeding 43% must be manually underwritten. If the loan receives a scoring recommendation of Accept from HUD's TOTAL scorecard, the loan must be manually downgraded to a Refer scoring recommendation and manually underwritten.</p> <p><b><u>Manual Underwriting – Revised Guidelines effective April 21, 2014 (ML2014-02)</u></b>          ML2014-02 is effective for case numbers assigned on or after April 21, 2014. The new guidance affects:</p> <ul style="list-style-type: none"> <li>Maximum qualifying ratios for all manually underwritten loans based on credit score</li> <li>Revised compensating factors that must be used in order to exceed FHA's standard qualifying ratios; and</li> <li>Requirement for cash reserves equal to one or more total monthly mortgage payments for manually underwritten loans involving one and two unit properties</li> </ul> <p>See table below...</p>

The table below describes the compensating factors and documentation that may be used to justify approval of manually underwritten loans with ratios that exceed FHA standard qualifying ratios (excerpt from ML 2014-02) with **Impac overlay\***.

Manual Underwriting Matrix For Case Numbers Issued on or After April 21, 2014		
Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors
500-579 (not allowed by Impac*) <b>or</b> Non-traditional/Insufficient Credit	31/43	Not applicable. Borrowers with minimum decision credit scores below 580, or with Non-traditional or Insufficient Credit may not exceed 31/43 ratios.
580 and above	31/43	No compensating factors required
620* and above	37/47	<b>One</b> of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves equal to at least three total monthly mortgage payments (1-2 units) or six total monthly mortgage payments (3-4 units).</li> <li>• New total monthly mortgage payment is not more than \$100 or 5% higher than previous total monthly housing payment, whichever is less; and there is a documented twelve month housing payment history with no more than one 30 day late payment.**</li> <li>• Residual Income</li> </ul>
620* and above	40/40	Borrower has established credit lines in his/her own name open for at least six months but carries no discretionary debt (i.e., monthly total housing payment is only open installment account and borrower can document that revolving credit has been paid off in full monthly for at least the previous six months).
620* and above	40/50	<b>Two</b> of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves equal to at least three total monthly mortgage payments (1-2 units) or six total monthly mortgage payments (3-4 units).</li> <li>• New total monthly mortgage payment is not more than \$100 or 5% higher than previous total monthly housing payment, whichever is less; and there is a documented twelve month housing payment history with no more than one 30 day late payment.**</li> <li>• Verified and documented significant additional income that is not considered effective income (i.e., part-time or seasonal income verified for more than one year but less than two years).</li> <li>• Residual Income</li> </ul>

**\*\* In cash-out transactions all payments on the mortgage being refinanced must have been made within the month due for the previous 12 months.**

Compensating factors cited to support the underwriting decision must be recorded in the *Underwriter Comments* section of Form HUD-92900-LT, *FHA Loan Underwriting and Transmittal Summary*.

Documentation supporting the compensating factors cited must be included in the endorsement case binder including, if applicable, a worksheet attached to Form HUD-92900-LT reflecting the calculation of residual income.

See ML2014-02 for documentation requirements, calculating residual income, VA Residual Income Table.

FHA Mortgage Insurance Premium Matrix

Mortgagee Letter 2013-04 announced changes to the Annual (Monthly) Mortgage Insurance Premium (MIP) factors per the effective dates below.

For Case Numbers Assigned on or after 6-3-2013					
Term > 15 Years					
Loan Amount	Base LTV (excludes financed UFMIP)	Purchases & Full Credit Qualifying Refinances (Rate/Term and Cash-Out)		Streamline Refinances	
		UFMIP	Monthly	UFMIP	Monthly
≤ \$625,500	> 95% LTV	1.75%	1.35%	1.75%/.01%*	1.35%/.55%*
≤ \$625,500	≤ 95% LTV	1.75%	1.30%	1.75%/.01%*	1.30%/.55%*
Above \$625,500	> 95% LTV	1.75%	1.55%	1.75%/.01%*	1.55%/.55%*
Above \$625,500	≤ 95% LTV	1.75%	1.50%	1.75%/.01%*	1.50%/.55%*
Term ≤ 15 Years					
≤ \$625,500	> 90% LTV	1.75%	.70%	1.75%/.01%*	.70%/.55%*
≤ \$625,500	78.01% - 90% LTV	1.75%	.45%	1.75%/.01%*	.45%/.55%*
Above \$625,500	> 90% LTV	1.75%	.95%	1.75%/.01%*	.95%/.55%*
Above \$625,500	78.01% - 90% LTV	1.75%	.70%	1.75%/.01%*	.70%/.55%*
Any	≤ 78% LTV	1.75%	.45%	1.75%/.01%*	.45%/.55%

\*For all Streamline Refinance transactions that are refinancing FHA loans endorsed on or before May 31, 2009, the following factors apply:

- The UFMIP will decrease to .01% of the base loan amount
- The Annual (Monthly) MIP will be .55%, regardless of the base loan amount

The endorsement date is on the Case Query screen in FHA Connection.

For loans with FHA case numbers assigned on or after June 3, 2013, FHA will collect the annual MIP for the maximum duration permitted under statute. See 12 U.S.C. Section 1709(c)(2)(B)

- For all mortgages regardless of their amortization terms, any mortgage involving an original principal obligation (excluding financed Up-Front MIP (UFMIP)) **less than or equal to 90% LTV**, the annual MIP will be assessed until the **end of the mortgage term or for the first 11 years of the mortgage term, whichever occurs first.**
- For any mortgage involving an original principal obligation (excluding financed UFMIP) **with an LTV greater than 90 percent**, FHA will assess the annual MIP until **the end of the mortgage term or for the first 30 years of the term, whichever occurs first.**

The table below shows the previous and the new duration of annual MIP by amortization term and LTV ratio at origination.

Term	LTV (%)	Previous	New
≤ 15 yrs	≤ 78	No annual MIP	11 years
≤ 15 yrs	> 78 – 90.00	Cancelled at 78% LTV	11 years
≤ 15 yrs	> 90.00	Cancelled at 78% LTV	Loan term
> 15 yrs	≤ 78	5 years	11 years
> 15 yrs	> 78 – 90.00	Cancelled at 78% LTV & 5 yrs	11 years
> 15 yrs	> 90.00	Cancelled at 78% LTV & 5 yrs	Loan term



FHA Comprehensive Risk Assessment Worksheet for Manual Underwriting

The FHA Comprehensive Risk Assessment Worksheet is a tool to assist in evaluating the various risk factors on loans that are manually underwritten. Using the comprehensive risk assessment approach, certain key elements called Primary Risk and Contributory Risk factors work together to form the overall level of default risk that is present in each mortgage application. Identifying the level of risk for each of these elements and examining how the elements relate will help determine the comprehensive risk associated with a mortgage application.

**Completion of this form is not required on non-credit qualifying FHA Streamline Refinance Transactions.**

**Borrower:** \_\_\_\_\_

**Loan Number:** \_\_\_\_\_

**Credit Score:** \_\_\_\_\_

**LTV/CLTV:** \_\_\_\_\_

**Score Valid:**  Yes  No (if No, not eligible)

**STEP 1: Primary Risk Assessment**

- 1) Circle the applicable LTV/CLTV and representative credit score
- 2) Mark the appropriate box below that represents the Primary Risk (Low, Moderate, High)

Purchase, Rate & Term Refinance & Streamline Refinances*				
LTV/CLTV	Credit Score			
	≥ 680	660 – 679	640 – 659	580 – 639
> 95%	Moderate	Moderate	High	High
> 90% and ≤ 95% <sup>1</sup>	Low	Low	Moderate	High
≤ 90% <sup>1</sup>	Low	Low	Moderate	High

<sup>1</sup> Down payment must be from borrower's own funds or a gift from a family member (excluding gift of equity). If not, use > 95% LTV for assessment  
 \* Worksheet required for credit qualifying Streamline Refinances with Ratios exceeding 31%/43%

Cash-Out Refinance				
LTV/CLTV <sup>1</sup>	Credit Score			
	≥ 680	660 – 679	640 – 659	580 – 639
> 75% and ≤ 85%	Moderate	Moderate	High	High
≤ 75%	Low	Low	Moderate	High

<sup>1</sup>Maximum 85% LTV/CLTV

Primary Risk Assessment  Low  Moderate  High





FHA Comprehensive Risk Assessment Worksheet for Manual Underwriting

**Step 2: Contributory Risk Assessment**

Once the risk level is identified, the Contributory Risk Factors are evaluated to determine if they materially influence the Primary Risk determination.

For each row on the chart, circle the box that includes the loan characteristic. Shaded areas do not apply. If the specific mortgage loan being requested must meet a higher minimum eligibility requirement, that minimum eligibility requirement must be viewed as risk-neutral rather than a factor that decreases the risk of the loan.

	Significantly Decreases Risk Minus 2 for Each	Decreases Risk Minus 1 for Each	Risk Neutral Zero	Increases Risk Add 1 for Each	Significantly Increases Risk Add 2 for Each
<b>Mortgage Term</b>		≤ 15 years	> 15 years		
<b>Debt-to-Income Ratios</b> <sup>1</sup>	≤ 35%	> 35% and ≤ 41%	> 41% and ≤ 43%	> 43% and ≤ 45%	> 45% and ≤ 50% (Plus 2 for risk) > 50% (Plus 4 for risk)
<b>Debt-to-Income Ratio Decrease Cash-Out Refi only</b>	> 120%	Neutral or ≤ 120%			
<b>Liquid Reserves Excluding cash proceeds from refinance</b>	≥ 6 months	1 & 2 units; ≥ 3 and < 6 months	1 & 2 units: ≥ 1 and < 3 months 3 & 4 units: ≥ 3 and < 6 months	1 & 2 units: no reserves 3 & 4 units: < 3 months Gift funds from family	
<b>Bankruptcy</b>			None	Bankruptcy > 5 years	Chapter 7 BK > 2 years ≤ 5 years Chapter 13 BK > 1 year ≤ 5 years
<b>Foreclosure</b>			None	Foreclosure > 5 years	Foreclosure > 3 years ≤ 5 years
<b>Occupant Co-Borrower Credit Score</b>		≥ 660	620 to 659	600 to 619	580 to 599
<b>Employment Classification</b>		> 3 years on same job	Not self-employed or self-employed with no business debts and income is insignificant	≥ 3 years self-employed or ≥ 3 years and ≥ 25% commissioned income	> 3 years self-employed or < 3 years and > 25% commissioned income
<b>Product Type</b>			Fixed, 5/1, 7/1	3/1	
<b>Housing Payment Increase</b>		Lateral housing payment	< 120%	≥ 120%	No current rent or mortgage payment
<b>Mortgage Payment History (all Borrower REO)</b>		0 x 30 x 12		= 1 x 30 x 12	≥ 2 x 30 x 12
<b>TOTAL POINTS</b>	Subtract _____	Subtract _____	Neutral	Add _____	Add _____

<sup>1</sup>If Ratios exceed 31/43, FHA compensating factors listed in the HUD Handbook 4155.1 4.F.3.a-3.b and ML2014-02, as updated

**Total Points Assessed**

**STEP 3: Comprehensive Risk Assessment**

Find the number of Contributory Risk points assessed in the left column. Follow that row to the Primary Risk assessment column. The result is the Comprehensive Risk Assessment

Primary Risk	Low	Moderate	High
<b>Contributory Risk Points</b>	<b>Comprehensive Risk Assessment</b>		
+8 or more	High	High	High
+4 to +7	Moderate	High	High
0 to +3	Low	Moderate	High
0 to -3	Low	Moderate	High
-4 to -7	Low	Low	Moderate
-8 or more	Low	Low	Low

The Comprehensive Risk Assessment should directly correlate with the loan decision. A Risk Assessment of High indicates a high probability of default. If an underwriter chooses to approve a loan with a comprehensive risk assessment of high, the rationale used in the analysis and compensating factors identified by the underwriter must be presented in a clear and detailed manner and support the decision that the loan is of investment quality. All loans submitted to Impac for purchase with a Comprehensive Risk Assessment of High will be subject to a prefund credit diligence. Include this worksheet in the file and record the Comprehensive Risk score on the FHA Loan Underwriting and Transmittal Summary.

Underwriter \_\_\_\_\_

Date \_\_\_\_\_