



Correspondent FHA Product Guidelines

Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate & Term Refinance 			
Eligible Mortgage Products	<ul style="list-style-type: none"> •Fixed 15 & 30 year terms Section 203(b) Basic with ADP code of 703 •Section 234 (c) Condominiums with ADP codes of 734 			
Ineligible Mortgage Products	<ul style="list-style-type: none"> •Any FHA programs/mortgage types identified in the FHA Handbook, including ARMs. Cash-out Refinances and Streamlined Refinances, and not specifically allowed in the Eligible Mortgage Types above. 			
Type	Purchase		Rate & Term Refinance	
Max LTV/FICO	Max LTV	Min Fico	Max LTV	Min Fico
	96.5%	620*	96.5%	620*
	* Exceptions to 580 FICO will be considered on a case by case basis.			
Borrower Eligibility	<ul style="list-style-type: none"> •U.S. citizens •Permanent resident aliens, with proof of lawful permanent residence •Nonpermanent resident alien immigrants 			
Condominiums	<ul style="list-style-type: none"> •Must be located in an FHA approved Condominium Project •Condominiums involved in monetary litigation are not permitted 			
Credit	<ul style="list-style-type: none"> •Minimum FICO score of 620 (exceptions to 580 FICO will be considered on a case by case basis) •Loans with FICO scores below 640 must have: <ul style="list-style-type: none"> - Mortgage History must reflect no late payments in the most recent 12 month period - No Unpaid Judgments - LOE is required for any derogatory credit •Non Traditional credit is not permitted •FHA expanded criteria for borrower with one credit score and borrower without a credit score (see eligibility criteria on Pages 3-4) 			
Derogatory Credit	<ul style="list-style-type: none"> •2 years elapsed since completion or discharge of Ch 7 or Ch 13 Bankruptcy •3 years elapsed since completion of Foreclosure, Deed in Lieu or Short Sale •No housing delinquency or new public records since discharge •All judgments must be paid 			
Documentation Type	<ul style="list-style-type: none"> •IRS Transcripts are required on all Self Employed Borrowers and any other loan that utilizes tax returns to document income (non-wage income or losses) •A 4506-T, signed at application and closing, is required for all transactions 			
Financing Concessions	Financing concessions cannot exceed 6% of the sales price.			
High Cost / High Priced	High Cost or High Priced Mortgages are not eligible. Exceptions to this policy are not permitted.			
Loan Limits	FHA Mortgage Limits			
Mortgage Insurance Premium	Monthly (Periodic) Mortgage Insurance Premium Calculation - HUD			



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Appraisals	<ul style="list-style-type: none"> •An FHA Roster or FHA appraisal (e.g. form 1004 or equivalent, accompanied by form 1004MC) is required for all submissions •A second appraisal is required if the subject property is being resold within 120 days following acquisition by the seller for a price equal to or in excess of 100% of the purchase price. The cost of this second appraisal cannot be passed to the borrower. Rapid Acquisition 90 day resales will require 2 appraisals and home inspection.
Age of Documents	<ul style="list-style-type: none"> •Credit documents must be no more than 90 days old on the date the Note is signed, including credit reports and employment, income and asset documents •Preliminary Title Policies must be no more than 180 days old on the date the Note is signed.
Assignment of Mortgages	<ul style="list-style-type: none"> •All loans must be registered with MERS at time of delivery to Impac Mortgage Companies & Subsidiaries ("Impac") •A MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller to Impac within 72-hours of purchase.
AUS	All loans must be submitted and approved through Fannie DU Decision or FHA Total Scorecard
Occupancy	<ul style="list-style-type: none"> •Owner Occupied Residences only •Second Homes and Investment Properties are not permitted
Origination Channel	Retail Originations or Third Party Originations
Property, Eligible Types	<ul style="list-style-type: none"> •Single Family Detached •Single Family Attached •2-4 Unit Detached •PUDs •Low-rise and High-rise Condominiums (must be FHA eligible) •Rural Properties (in accordance with agency Guidelines, loans must be residential in nature) •Condos- approved by FHA (HRAP only) •Modular Pre-Cut/Panelized Housing
Property, Ineligible Types	<ul style="list-style-type: none"> • Co-ops • Cond Hotels • Manufactured Housing
Property Flipping Policy (Properties resold within 90 days of purchase)	Please refer to Page 5-7 for product eligibility details
Ratios	• DU Approve Eligible loans – Ratios evaluated by DU
Recently Listed Properties	<ul style="list-style-type: none"> •No Cash-Out Transaction - the listing must have expired or been withdrawn 30 days prior to the application date •Cash-Out Transaction - the listing must have expired or been withdrawn 180 days prior to the application date
Seasoning	• 6 month – exceptions will be considered based on portfolio and counterparty
State Restrictions	<ul style="list-style-type: none"> •Loans for properties in Illinois, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Nebraska, South Dakota, West Virginia, and Wisconsin are not eligible •Texas loans must be purchase money, refinances in Texas are prohibited.
Up Front Mortgage Insurance Premium (UFMIP)	•A copy of the FHA Connection Case Query evidencing receipt of the UFMIP must be included in the loan file at the time of delivery.



FHA expanded criteria for borrower with one credit score and borrower without a credit score

Loan Amount & LTV Limitations	Fannie Mae DU Approve/Eligible					
	Primary Residence Purchase and Rate & Term Refinance					
	Units	Base LTV w/out Sec Fin	LTV w/Sec Fin	CLTV w/Sec Fin	HCLTV ¹	Credit Score
	1	96.5%	N/A	N/A	N/A	620
HCLTV (HELOC CLTV) = first lien balance + total HELOC amount (funded plus unfunded portion) ÷ the lesser of the appraised value or sales price (if applicable).						
Maximum Loan Amount	<ul style="list-style-type: none"> Maximum Base Loan Amount cannot exceed the FHA Statutory Mortgage Limits for each county 					
Financing Types	<ul style="list-style-type: none"> Purchase Rate and Term Refinance 					
Qualifying Rate and Ratios	<ul style="list-style-type: none"> Qualifying Rate: Qualify at note rate, minimum credit score 620 Ratios: DU Approve Eligible loans – Ratios evaluated by DU Ineligible: Out of scope 					
Geographic Location	<ul style="list-style-type: none"> Loans for properties in Illinois, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Nebraska, South Dakota, West Virginia, and Wisconsin are not eligible. Texas loans must be purchase money, refinances in Texas are prohibited. 					
Occupancy	Primary Residence					
Property Types	<p>Eligible</p> <ul style="list-style-type: none"> 1 unit Condos – approved by FHA (HRAP only) Modular Pre-Cut/Panelized Housing PUDs <p>Ineligible</p> <ul style="list-style-type: none"> Co-ops Cond Hotels Manufactured Housing 					
Borrower Eligibility	<p>Eligible</p> <ul style="list-style-type: none"> All borrowers (including permanent and non-permanent resident aliens) must have a valid social security number. Validate the social security number using any one of the following: <ul style="list-style-type: none"> Social Security Card Pay stub W-2 Tax Transcripts Validation from SSA Permanent Resident Aliens: Same eligibility requirements as US Citizens <ul style="list-style-type: none"> Evidence of lawful, permanent residency issued by the Bureau of Citizenship and Immigration Services (BCIS), formerly the INS. Copy of the Alien Registration Receipt Card (Resident Alien card), I-551 Non-Permanent Resident Aliens <ul style="list-style-type: none"> Primary residence Borrower must be eligible to work in the U.S. Evidence of residency and work status to be obtained through documentation from US Bureau of Citizenship and Immigration Services (BCIS) formerly INS Copy of the Employment Authorization Card, I-688B. This card carries an expiration date. A social security card is not acceptable as evidence of work status 					
Borrower Eligibility (cont.)						



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	<p>Ineligible</p> <ul style="list-style-type: none"> Foreign Nationals Inter Vivos Revocable Trust Agreement
Co-Borrowers	<p>DU Approve/Eligible</p> <ul style="list-style-type: none"> Ratios determined by DU Co-borrowers must occupy the subject property Non-occupant co-borrowers are ineligible
Assets	<p>Borrower Investment</p> <ul style="list-style-type: none"> Primary residence with LTV greater than 95% requires a 3.5% investment from borrower's own funds or allowable gift. <p>Seller Contributions: 6% regardless of LTV</p> <p>Gifts</p> <ul style="list-style-type: none"> Primary Residence - Per FHA guidelines
Credit	<p>DU Approve/Eligible</p> <ul style="list-style-type: none"> Minimum credit score is 620 <ul style="list-style-type: none"> Borrower with one credit score eligible as follows. <ul style="list-style-type: none"> DU Approve/Eligible decision required Credit data is available from one repository and credit score is obtained from that repository A three in-file merged credit report was ordered Borrower without a credit score is eligible if at least one other borrower has one or more credit score and all conditions as follows are met. <ul style="list-style-type: none"> Primary residence 1-unit only Transaction is purchase or limited cash-out refinance Self-employed income is ineligible to be used to qualify on the loan when any borrower on the transaction is without a credit score. Borrower with traditional credit and a credit score is contributing more than 50% of the qualifying income Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types. Mortgage history evaluated by DU <p>Ineligible</p> <ul style="list-style-type: none"> Out of scope loans
Underwriting	<p>All loans must be submitted thru DU</p> <p>DU Approve/Eligible.</p> <p>Manual underwriting per FHA guidelines</p> <p>Ineligible: Out of scope</p>
Limitations on Other Real Estate Owned	<ul style="list-style-type: none"> Borrower may own no more than one FHA primary residence loan with maximum financing Multiple Loans to the Same Borrower <ul style="list-style-type: none"> Maximum 20% concentration in any one project or subdivision Up to 4 financed properties Includes the subject property or \$2 million whichever is less Includes the subject property or \$2 million whichever is less
Mortgage Insurance	FHA insurance required
Assumptions	Permitted per FHA guidelines, credit worthy borrowers only
Escrow Waivers	Ineligible on federally insured loans regardless of LTV/CLTVs
Prepayment Penalty	None
Product Codes	<p>P-FF15 Portfolio-FHA FRM15</p> <p>P-FF30 Portfolio-FHA FRM30</p>



FHA 90 Day Resale Waiver

Program Expiration	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, 2011. 12/31/11 is the last date to sign a sales contract to use this waiver.					
Product Description	Fixed Rate –30 Yr term; fully amortizing					
Loan Amount & LTV Limitations	Fannie Mae DU Approve/Eligible					
	Primary Residence Purchase					
	Units	Base LTV w/out Sec Fin	LTV w/Sec Fin	CLTV w/Sec Fin	HCLTV ¹	Credit Score
	1	96.5%	N/A	N/A	N/A	620
	1. HCLTV (HELOC CLTV) = first lien balance + total HELOC amount (funded plus unfunded portion) ÷ the lesser of the appraised value or sales price (if applicable).					
Maximum Loan Amount	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 follows. <ul style="list-style-type: none"> Continental US – Floor \$271,050 – Ceiling \$417,000 					
Financing Types	<p>Purchase Mortgages – 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"> 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. 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. <p>FHA Regulatory Exemptions –sales transactions exempt from FHA's 90-day rule are as follows.</p> <ul style="list-style-type: none"> Builder selling a newly built home or building a home for a borrower wishing to use FHA-insured financing. Property acquired by an employer or relocation agency in connection with the relocation of an employee. Resale of property by HUD under HUD's Real Estate Owned (REO) program. Sale of single family properties by other United States Government agencies pursuant to programs operated by these agencies. Sale of property by nonprofits approved to purchase HUD-owned single family properties at a discount with resale restrictions. Sale of property acquired by the seller through inheritance. Sale of properties by state and federally-chartered financial institutions and government sponsored enterprises. Sale of property by local and state government agencies. Sale of properties within Presidentially Declared Disaster Areas. <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: To be eligible for a mortgage insured by FHA</p> <ol style="list-style-type: none"> Property must be purchased from the owner of record, The transaction may not involve any sale or assignment of the sales contract, and The lender must obtain documentation verifying the seller is the owner of record. 					
Eligibility for Waiver	To be eligible for the waiver conditions must be met as follows. <ul style="list-style-type: none"> 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"> Seller holds title to the property. Limited liability companies, corporations, or trusts serving as sellers were established and are operated in accordance with applicable state and federal regulatory requirements. There is no pattern of previous flipping activity on the subject property as evidenced by multiple title transfers within the previous a 12 months. The property was marketed openly and fairly as follows. <ul style="list-style-type: none"> Auction Developer marketing 					



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	<ul style="list-style-type: none"> • For sale by owner • Multiple listing service (MLS) • 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"> • 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 (Borrower cannot pay for the second appraisal) or, • In cases where work is not performed, the appraiser provides appropriate explanation of the increase in property value since the prior title transfer; and • 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"> • The use of FHA-approved inspectors or 203(k) consultants is not required. • At a minimum the inspection must include the following. <ul style="list-style-type: none"> • Property structure, including the foundation, floor, ceiling, walls and roof; • Exterior, including siding, doors, windows, appurtenant structures such as decks and balconies, walkways and driveways • Roofing, plumbing systems, electrical systems, heating and air conditioning systems; • All interiors, and • All insulation and ventilation systems, including fireplaces and solid fuel-burning appliances. <p>Seller's acquisition cost is defined as follows.</p> <ul style="list-style-type: none"> • 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"> • Closing costs, plus • Prepaid costs, including commissions. <p>NOTE: The seller's acquisition cost does NOT include the cost of repairs that the seller makes to the property.</p>
Appraisal	<p>Standard FHA full appraisal per FHA guidelines</p> <p>Second Appraisal The second appraisal requirements are as follows.</p> <ul style="list-style-type: none"> • An FHA roster appraiser must perform the appraisal in compliance with all FHA appraisal reporting requirements (i.e. an FHA appraisal) • The lender may not use an appraisal completed for a conventional loan even if it was completed by an FHA roster appraiser • The lender may not charge the cost of the second appraisal to the homebuyer • The lender must not use this appraisal for case processing and must not enter it into FHA Connection
Property Inspection	<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"> • Property inspection report must be provided to the buyer before closing • The borrower, lender, or mortgage broker may order the property inspection • The lender or mortgage broker may charge the borrower for the inspection report. • 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.
Property Inspector Certification	<p>At time of inspection the property inspector must certify in writing to the following.</p> <ul style="list-style-type: none"> • Inspector has no interest in the subject property. • Inspector has no relationship with the seller. • Inspector must not receive any compensation for the inspection from any party other than the lender. • Inspector may not compensate anyone for the referral of the inspection. • Inspector may not receive any compensation for referring or recommending contractors to perform any repairs recommended by the inspection. • Inspector may not be involved in performing any repairs recommended by the inspection.
Qualifying Rate and Ratios	<p>Qualifying Rate: Qualify at note rate, minimum credit score 620 Ratios: DU Approve Eligible loans – Ratios evaluated by DU Ineligible: Out of scope</p>



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Geographic Location	<ul style="list-style-type: none"> •Loans for properties in Illinois, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Nebraska, South Dakota, West Virginia, and Wisconsin are not eligible. •Texas loans must be purchase money, refinances in Texas are prohibited.
Occupancy	Primary Residence
Property Types	<p>Eligible</p> <ul style="list-style-type: none"> • 1 unit • Condos – approved by FHA (HRAP only) • Modular Pre-Cut/Panelized Housing • PUDs <p>Ineligible</p> <ul style="list-style-type: none"> • Co-ops • Cond Hotels • Manufactured Housing
Borrower Eligibility	<p>Eligible</p> <ul style="list-style-type: none"> • Permanent resident alien • Non-permanent resident alien (FHA requires EAD card) <p>Ineligible</p> <ul style="list-style-type: none"> • Foreign Nationals • Inter Vivos Revocable Trust Agreement
Co-Borrowers	<p>DU Approve/Eligible</p> <ul style="list-style-type: none"> • Ratios determined by DU • Non-occupant co-borrowers are allowed per FHA guidelines
Assets	<p>Borrower Investment</p> <ul style="list-style-type: none"> • Primary residence with LTV greater than 95% requires a 3.5% investment from borrower's own funds or allowable gift. <p>Seller Contributions: 6% regardless of LTV</p> <p>Gifts</p> <ul style="list-style-type: none"> • Primary Residence - Per FHA guidelines
Credit	<p>DU Approve/Eligible</p> <ul style="list-style-type: none"> • Minimum credit score is 620 • One credit score is eligible provided there is one additional tradeline of an acceptable rental history. • Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types. <ul style="list-style-type: none"> • Mortgage history evaluated by DU <p>Ineligible: Out of scope</p>
Underwriting	<p>DU Approve/Eligible.</p> <p>Manual underwriting per FHA guidelines</p> <p>Ineligible</p> <ul style="list-style-type: none"> • Out of scope
Limitations on Other Real Estate Owned	<p>Multiple Loans to the Same Borrower</p> <ul style="list-style-type: none"> • Maximum 20% concentration in any one project or subdivision • Up to 4 financed properties • Includes the subject property or \$2 million whichever is less
Mortgage Insurance	FHA insurance required
Assumptions	Permitted per FHA guidelines, credit worthy borrowers only
Escrow Waivers	Ineligible on federally insured loans regardless of LTV/CLTVs
Prepayment Penalty	None
Product Codes	P-FF30 Portfolio-FHA FRM30