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Impac is pleased to announce the following update for the NQM Investor loan product. Effective immediately, a prepayment penalty will be allowed in the following states under the following conditions:

- Permitted Prepayment Penalty States: AL, AR, AZ, CA, CO<sup>1</sup>, FL, GA, HI, IA, ID, IN<sup>2</sup>, KY, LA, MO, MT, ND, NE, NH, NV, SC<sup>3</sup>, SD<sup>4</sup>, TN, TX<sup>5</sup>, UT<sup>6</sup>, VA, VT, WI, WV
  - Footnotes:
    - <sup>1</sup> Colorado: Interest rate must be < 12%
    - <sup>2</sup> Indiana: Fixed rate loans only (ARMs not allowed)
    - <sup>3</sup> South Carolina: Loan amount must be > \$225,000
    - <sup>4</sup> South Dakota: Refinance transactions only (Purchase transactions not allowed)
    - <sup>5</sup> Texas:
      - Interest rate must be < 12%, and/or
      - PPP not allowed if loan is high cost under Section 32 or state/county/local jurisdiction
    - <sup>6</sup> Utah: PPP not allowed if loan is high cost under Section 32 or state/county/local jurisdiction.
- Prepayment Penalty Requirements:
  - PPP Term: 3-year prepayment penalty required
  - PPP Calculation: Any prepayment within any 36 month period (during the penalty period) that exceeds 20% of the original principal loan amount will trigger a prepayment charge in the amount of 6 months interest on the amount of the prepayment that exceeds 20% of the original balance of the note.

In addition to permitting a prepayment penalty for the NQM Investor loan product, Impac is also pleased to announce the following miscellaneous updates. These updates are effective immediately.

- All NQM Products (Agency Plus, Asset Amortization, Bank Statement, and Investor):
  - Cash-Out Refinances: Added clarifying language indicating that ownership seasoning less than 6 months is allowed provided Fannie Mae's Delayed Financing provision is met.
  - Rate & Term Refinances: Updated guidelines to allow for the payoff of a non-purchase money 2<sup>nd</sup> mortgage that is seasoned at least 12 months (note date to note date). If the mortgage is a HELOC, the cumulative withdrawals in the last 12 months cannot exceed \$2000.



## Announcement WS 2019-10-2 NQM Investor PPP and Misc. Updates

- New York CEMA and Subprime Loans: Added language specific to eligibility of Consolidated Extension & Modification Agreements (CEMA) as well as restrictions for loans that are considered to be New York Subprime Loans (i.e. loan amounts for primary residences must exceed the Fannie Mae Conforming or High Balance loan limits by at least \$1).
- NQM Agency Plus and NQM Bank Statement:
  - Premier Option: Clarified that gift funds cannot be used as reserves whenever qualifying under the Premier Option.
  - 100% Gift Funds: Clarified that a 10% reduction in maximum LTV is not required whenever a borrower can document that they have 5% of their own funds for downpayment. Previously, the borrower was required to actually contribute 5% of their own funds to avoid the 10% LTV reduction.
- NQM Investor:
  - First Time Homebuyer: Clarified that First Time Homebuyers are not allowed.

***We thank you for your continued business.***

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