

June 3, 2016

As a reminder, Impac's iQM ARM loan products must use the interest rate on the Note as the Interest Rate Floor. Impac's daily rate sheet includes the following reminder:

iQM

Prepag Penalty	Alt Investor			
	None	1yr	2yr	3yr
LLPA		0.250	0.625	1.250
Max Price	102.000	102.250	102.625	103.250

ARM Only

	Max Price Min Price Margins			Minimum Rates				
				5/1	7/1	10/1	15yr FRM	30yr FRM
Agency Plus	102.000	99.000	3.500	4.250	4.500	4.750	4.625	5.500
Alternative Doc	102.000	99.000	4.125	4.500	4.750	5.000	4.875	5.750
Alt Investor	PP Matrix	99.000	4.750	5.500	6.000	6.750	6.500	7.125

* Indexed to 1yr Libor + margin after fixed period

Note Rate = Base Rate + Product/Amort Adj + LLRA's

Interest Rate Floor = Note Rate

Adjustable Rate details for the Note and Rider are outlined below:

Interest Rate Adjustment Caps	5/1, 7/1 & 10/1 ARM (2/2/5) Initial: 2% up/down – Subsequent: 2% up/down – Lifetime: 5% up
Margin	Refer to rate sheet
Index	1-Year LIBOR (London InterBank Offer Rate)
Index Establish Date	45 days prior to the change date (aka "look back period")
Interest Rate Floor	Note Start Rate
Conversion Option	None
Assumption	ARM products are assumable to a qualified borrower after the fixed term
Negative Amortization	None
Interest Only Option	Available for fixed period of ARMs
Notes / Riders	FNMA 3528 / 3187 (Fully Amortizing loans) FNMA 3530 / 3155 (Interest Only loans) – Impac required forms

Refer to the *Quick Reference for iQM Documentation Requirements* posted on the website, for specific loan document requirements for ARM programs. Examples of required Borrower Affirmations for each loan program are also included in the reference document.

Insert sentence highlighted below for Interest Rate Floor in the Note and Rider:

The example below has a start rate of 6.625%. This establishes the Interest Rate Floor – which is shown for both the first Change Date and the sentence added.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than **8.625 %** or less than **6.625 %**. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than **TWO** percentage point(s) (**2.000 %**) from the rate of interest I have been paying for the preceding **12** month(s). My interest rate will never be greater than **11.625 %**. **My interest rate will never be less than the start rate or 6.625 %.**

We thank you for your continued business.

If you have any questions, contact your Relationship Manager at 888-850-0259 Option 1 or your Account Executive.