

Impac is modifying the documentation requirements for the iQM Alt Doc program when the borrower elects to use business bank statements for loan qualification. This change will apply when personal and business bank activity is combined into one account, or if the borrower chooses to use only business bank statements.

Beginning with new loan submissions on and after July 11, 2016, income for the borrower/business will be evaluated using a 70% expense factor applied to business related deposits. Providing the 70% expense factor allows the borrower to qualify, no further income documentation is required.

Should the business operate with a different expense factor, one of the following options can be used:

- A CPA or tax preparer produced P&L statement that has been Reviewed by the CPA or tax preparer, the CPA or tax preparer states it has Reviewed the P&L in writing, and the P&L and accompanying statement do not have unacceptable disclaimer or exculpatory language regarding its preparation; **or**
- A CPA or tax preparer produced written statements specifying the actual expense ratio of the business (including cost of goods sold and all other business expenses) based on the most recent year's filed tax returns. Such statement shall not include unacceptable disclaimer or exculpatory language regarding its preparation.

Important Note: The expense factor per the P&L or CPA or tax preparer produced statement must be reasonable. The annual deposits on the bank statements must be at least 75% of the gross receipts per the P&L. For CPA or tax preparer produced statements, the stated expense factor will be applied to calculate the qualifying income.

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.