



JUMBO AUS

UNCF

PROGRAM GUIDELINES AND MATRICES

Table of Contents

Section 1 – Overview & Underwriting Criteria	4
Section 2 - Underwriting Criteria	4
Section 3 – Product Eligibility	5
3.1 Eligible Products	5
3.2 DU AUS Requirements.....	5
3.3 Minimum Loan Amounts	5
3.4 Maximum Loan Amounts	5
3.5 DTI Ratio	5
3.6 Maximum Cash Out	5
3.7 Geography	5
3.8 Age of Documents	5
Section 4 – Product Matrix.....	6
4.1 Purpose	6
4.2 Ownership.....	7
Section 5 – Borrower Eligibility.....	7
5.1 Eligible Borrowers.....	7
5.2 First Time Homebuyer	7
5.3 Permanent Resident Alien	7
5.4 Ineligible Borrowers	7
5.5 Inter-Vivos Revocable Trusts.....	8
Section 6 – Occupancy.....	8
6.1 Primary Residence	8
6.2 Second Home	8
Section 7 – Transaction Eligibility	9
7.1 Purchase	9
7.2 Rate/Term Refinance	9
7.3 Cash-Out Refinance	10
7.4 Delayed Financing Refinance	11
7.5 Contract for Deed/Land Contract.....	11
7.6 Construction Loan Refinancing.....	12
7.7 Subordinate Financing	12
7.8 Flip Transactions	12
7.9 Non-Arm’s Length.....	12
7.10 Ineligible Transactions.....	12

Section 8 – Credit Eligibility	13
8.1 Credit Report Detail	13
8.2 Minimum Credit Requirements.....	13
8.3 Housing History.....	13
8.4 Credit Scores	13
8.4 Credit Report Requirements	13
8.5 Foreclosure, Deed-In-Lieu of Foreclosure, Bankruptcy, Short Sales and Modifications	13
8.6 Liens, Judgements and Collections	14
8.7 Forbearance	14
8.8 Student Loans.....	14
Section 9 – Income Documentation	14
9.1 Income Sources and Calculation of Income.....	14
9.2 Employment and Income Stability	14
9.3 Salaried Borrowers	14
9.4 Salaried Borrowers w/ Self Employed Income	15
9.5 Salaried Borrowers with Commission/ Bonus	15
9.6 Self-Employed Borrowers.....	15
9.7 P&L and Balance Sheet Requirements.....	15
9.8 Debts Paid by Business.....	16
9.9 Self Employed Verification of Active Business.....	16
9.10 Verbal VOE	16
9.11 Other Income.....	16
9.12 Projected Income.....	17
9.13 Alimony and Child Support Income.....	18
9.14 Trust Income	18
9.15 Interest and Dividend Income.....	18
9.16 Rental Income.....	18
9.17 Unacceptable Income	18
9.18 4506 -C/Tax Transcripts	18
Section 10 – Debts and Liabilities	19
10.1 Debt-to-Income Ratio.....	19
10.2 Installment Debt.....	19
10.3 Revolving Debt.....	19
10.4 Departing Residence – Rental Income	19

10.5 Current Principal Residence Pending Sale	19
Section 11 – Assets and Source of Funds.....	19
11.1 Source of Funds.....	19
11.2 Reserves	19
11.3 Acceptable Reserves	19
11.4 Asset Documentation	20
Section 12 - Property.....	20
12.1 Appraisal	20
12.2 Eligible Property Types	20
12.3 Ineligible Property Types.....	21
12.4 Declining Markets	21
12.5 Property Acceptability.....	21
12.6 Third Party Appraisal Review	21
12.7 Properties Located in a Disaster Area	22
Section 13 – Miscellaneous Guideline Requirements	22
13.1 Refinance Seasoning	22
13.2 Multiple Financed Properties	22
13.3 Balloon Mortgage.....	22
13.4 Recasting/Re-amortizing.....	22
13.5 Temporary Buydown	22
13.6 Prepayment Penalties	22
13.7 Interested Party Contributions	22
13.8 Seller Contributions.....	23
13.9 HERO/PACE/ Solar Panels	23
13.10 Escrows.....	23
13.11 Maximum Financed Properties.....	23
13.12 Recent Refinance of Primary	23
13.13 Closing in a Trust.....	23
13.14 Principal Reductions	23
13.15 Borrower Executed Documents.....	23

Section 1 – Overview & Underwriting Criteria

This Product Eligibility Policy outlines the parameter requirements for residential mortgage loans submitted to Orion Lending. This document is an integral part of the loan underwriting review process and should be reviewed in conjunction with all potential findings.

All loans will be examined and evaluated to determine whether the proposed loans generally conform to these guideline parameters. The qualifying specifications and procedures are meant to serve as a principal foundation to qualify, and each borrower will be reviewed in its entirety on an individual basis.

Jumbo AUS loans that do not conform to the provisions of this Product Eligibility Policy will be comprehensively reviewed on a case-by-case basis. All applicable mitigating and compensating factors to a policy exception must be fully documented prior to considerations/granting of said exception.

Section 2 - Underwriting Criteria

Overlays and appendix are intended to reference and supplement Fannie Mae's Seller Guide. Refer to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically referenced in the product overlays or appendix. To the extent there is a difference in standards between these overlays and the Fannie Mae Guides; these overlays and appendix Q will take precedence.

All loans must be underwritten by Fannie Mae DU (DU). Manually underwritten loans and Freddie Mac LPA not permitted.

All Covered Loans must be designated as ATR/QM compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c).

All loans must be designated as QM Safe Harbor. QM Safe Harbor is defined as within 1.50% of APOR.

Higher Price Covered Transactions are not permitted.

Federal, State, and Local High Cost Loans are not permitted.

Section 3 – Product Eligibility

3.1 Eligible Products	Product	Amort Term	Index	Margin	Caps	Qualifying Rate	Program Codes
	15 Yr. Fixed	180	NA	NA	NA	Note Rate	JF15
	30 Yr. Fixed	360	NA	NA	NA	Note Rate	JF30
	5/6 ARM	360	30 – day SOFR	2.75	2/1/5	Higher of the Note Rate after first adjustment or fully indexed rate	JA5/6
	7/6 ARM	360	30 – day SOFR	2.75	5/1/5	Note Rate	JA7/6
	10/6 ARM	360	30 – day SOFR	2.75	5/1/5	Note Rate	JA10/6
3.2 DU AUS Requirements	<ul style="list-style-type: none"> Approve/Ineligible (for loan amount or maximum LTV or cash-out refinances only) 						
3.3 Minimum Loan Amounts	<ul style="list-style-type: none"> \$1 over the current one-unit conforming loan limit regardless of the subject property county or number of units. 						
3.4 Maximum Loan Amounts	<ul style="list-style-type: none"> \$2,500,000 						
3.5 DTI Ratio	<ul style="list-style-type: none"> See Section 4 						
3.6 Maximum Cash Out	<ul style="list-style-type: none"> \$500,000 						
3.7 Geography	<p>The following U.S. States and territories are not eligible:</p> <ul style="list-style-type: none"> Guam, Puerto Rico, and US Virgin Islands not allowed Maryland 						
3.8 Age of Documents	<ul style="list-style-type: none"> Maximum age from Note <ul style="list-style-type: none"> Credit Report – 120 days (90 days at submission) Income – 120 days Assets – 120 days Title – 120 days Appraisal – 120 days 						

Section 4 – Product Matrix

4.1 Purpose

PURCHASE/RATE & TERM					
OCCUPANCY	NUMBER OF UNITS	MAXIMUM LOAN AMOUNT	LTV/CLTV	MIN CREDIT SCORE	Max DTI
Primary	1 Unit	\$1,500,000	80%	700	45%
		\$1,500,000	70%	680	45%
		\$2,000,000	80%	720	45%
		\$2,500,000	70%	720	45%
	2 Units	\$1,500,000	80%	700	45%
		\$1,500,000	70%	680	45%
	3-4 Units	\$1,000,000	80%	700	45%
		\$1,000,000	70%	680	45%
Second Home	1 Unit	\$1,500,000	80%	720	45%
		\$1,500,000	65%	680	45%
		\$2,000,000	70%	720	45%

CASH OUT ¹					
OCCUPANCY	NUMBER OF UNITS	MAXIMUM LOAN AMOUNT	LTV/CLTV	MIN CREDIT SCORE	Max DTI
Primary	1 Unit	\$1,500,000	75%	700	45%
		\$2,000,000	50%	720	40%
	2 Unit	\$1,500,000	75%	700	45%
	3-4 Units	\$1,000,000	75%	700	45%
Second	1 Unit	\$1,500,000	70%	700	40%

¹Texas Cash Out transactions not allowed

<p>4.2 Ownership</p>	<ul style="list-style-type: none"> • Ownership must be fee simple only and must be in the name of the individual Borrower(s) or Trust. Borrower(s) may hold title as follows: <ul style="list-style-type: none"> ○ Individual ○ Joint Tenants
<p>Section 5 – Borrower Eligibility</p>	
<p>5.1 Eligible Borrowers</p>	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Aliens • Inter-Vivos Revocable Trust • All borrowers must have a valid social security number • Non-Occupant Co-borrower (Allowed per AUS) • First Time Homebuyer
<p>5.2 First Time Homebuyer</p>	<ul style="list-style-type: none"> • A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date. <ul style="list-style-type: none"> ○ Owner-occupied only ○ Maximum 80% LTV/CLTV ○ Maximum loan amount \$2,000,000 • Orion Lending does not allow the use of verification of asset reports to identify recurring rent payments to potentially enhance the AUS credit assessment
<p>5.3 Permanent Resident Alien</p>	<ul style="list-style-type: none"> • Copy of valid resident alien card must be included in loan file
<p>5.4 Ineligible Borrowers</p>	<ul style="list-style-type: none"> • Borrowers with only an ITIN (individual taxpayer identification number) • Irrevocable trusts • Corporations, limited partnerships, general partnerships, and limited liability companies • Borrowers who are party to a lawsuit • Borrowers with Diplomatic Immunity • Foreign Nationals • Non-Permanent Resident Alien

<p>5.5 Inter-Vivos Revocable Trusts</p>	<ul style="list-style-type: none"> Trust must be established by one or more natural persons, individually or jointly The individual(s) establishing the trust must be the primary beneficiary/beneficiaries If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage At least one of the trustees must be either the individual establishing the trust, or an institutional trustee that customarily performs the duties of a trustee and is duly authorized to act as a trustee under applicable state law The mortgage and trust documents must meet agency eligibility criteria including title and title insurance requirements, as well as applicable state laws that regulate the making of loans to inter-vivos revocable trusts The trustee(s) must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or deed of trust note Illinois Land Trusts not eligible
--	---

Section 6 – Occupancy

<p>6.1 Primary Residence</p>	<p>A primary residence is the property the borrower occupies as his or her principal residence. A borrower may not maintain more than one primary residence at any given time.</p> <ul style="list-style-type: none"> All occupying borrowers must be on title and execute the Note and security instrument Co-signors not allowed 1-4 units detached, attached, PUD, and eligible condominiums
-------------------------------------	--

<p>6.2 Second Home</p>	<p>The property must be occupied by the borrower from time-to-time and is suitable for year-round use. Typically, the property is located in either a resort or vacation area or for convenience in a city where the borrower works when the primary residence is in a distant suburb.</p> <ul style="list-style-type: none"> 1 unit detached, attached, PUD, and eligible condominiums Property may not be a time share or subject to a rental agreement The property must be a reasonable distance from the borrower’s primary residence Rental income and expenses on Schedule E of the borrower’s personal tax return(s) must not exceed 30 rental days Rental income from a second home cannot be used to qualify the borrower Must be occupied by the borrower for some portion of the year Must be suitable for year-round occupancy Borrower must have exclusive control over the property Cannot be subject to any agreements that give a management firm control over the occupancy of the property
-------------------------------	--

Section 7 – Transaction Eligibility

<p>7.1 Purchase</p>	<ul style="list-style-type: none"> • Must adhere to Agency guidelines • LTV/CLTV is calculated using the lesser of the purchase price or the appraised value of the subject property • Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price adjusted. Items that are customary to residential real estate transactions such as lighting fixtures, kitchen appliances, window treatments and ceiling fans are not considered personal property for purposes of this section 7.1.1 • If Seller has taken title to the subject property ninety (90) days or less prior to the date of the sales contract, see section 7.8 Flip Transactions • The assignment of a purchase contract is not eligible unless the transferor is a family member and there is no change to the purchase price
<p>7.2 Rate/Term Refinance</p>	<ul style="list-style-type: none"> • The transaction is being used to obtain a new first mortgage secured by the same property to <ul style="list-style-type: none"> ○ pay off an existing first mortgage (including an existing HELOC in first-lien position); ○ pay off an existing construction loan and documented construction cost overruns that were incurred outside of the interim construction financing for two-closing construction-to-permanent loans. (These construction cost overruns must be paid directly to the builder at closing.) • Only subordinate liens used to purchase the property may be paid off and included in the new mortgage. Exceptions are allowed for paying off a Property Assessed Clean Energy (PACE) loan or other debt (secured or unsecured) that was used solely for energy-related improvements. <ul style="list-style-type: none"> ○ Orion must document that all proceeds of the existing subordinate lien were used to fund part of the subject property purchase price or pay for permissible energy-related expenses. Written confirmation must be maintained in the mortgage file • At least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application. Exceptions are allowed with documentation confirming: <ul style="list-style-type: none"> ○ the borrower acquired the property through an inheritance or was legally awarded the property (such as through a divorce, separation, or dissolution of a domestic partnership); or ○ the property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust. • When the following conditions exist, the transaction is ineligible as a rate and term refinance and must be treated as a cash-out refinance: <ul style="list-style-type: none"> ○ no outstanding first lien on the subject property (except for single-closing construction-to-permanent transactions, which are eligible as a rate and term refinance even though there is not an outstanding lien on the subject property); ○ the proceeds are used to pay off a subordinate lien that was not used to purchase the property (other than the exceptions for paying off PACE loans and other debt used for energy-related improvements, described above); ○ the borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount; and ○ a short-term refinance mortgage loan that combines a first mortgage and a non-purchase-money subordinate mortgage into a new first mortgage or any refinance of that loan within six months. • Borrower cannot receive more than the lesser of 2% of the new refinance loan amount or \$2,000

<p>7.3 Cash-Out Refinance</p>	<ul style="list-style-type: none"> • If an existing first mortgage is being paid off through the transaction, it must be at least 12 months old at the time of refinance, as measured by the note date of the existing loan to the note date of the new loan <ul style="list-style-type: none"> ◦ The requirements do not apply to any existing subordinate liens paid off through the transaction or when buying out a co-owner pursuant to a legal agreement • At least one borrower must have been on title to the subject property for at least six months prior to the disbursement date of the new loan, unless one of the following exceptions apply: <ul style="list-style-type: none"> ◦ The borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership) ◦ The delayed financing requirements are met. See <i>Delayed Financing</i> below • If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower’s six-month ownership requirement <ul style="list-style-type: none"> ◦ In order to close the refinance transaction, ownership must be transferred out of the LLC and into the name of the individual borrower(s) • If the property was owned prior to closing by an inter vivos revocable trust, the time held by the trust may be counted towards meeting the borrower’s six-month ownership requirement if the borrower is the primary beneficiary of the trust • Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the Note date • Texas Cash-Out refinances are ineligible • Investment Property <ul style="list-style-type: none"> ◦ A borrower signed Business Purpose & Occupancy Affidavit indicating the loan purpose is for the acquisition, improvement or maintenance of a rental property is required or the loan will be subject to TILA compliance. See Orion Lending’s website for business purpose form • Cash out loan proceeds used for personal use are not eligible as Business Purpose and will be subject to TILA compliance
--------------------------------------	---

<p>7.4 Delayed Financing Refinance</p>	<ul style="list-style-type: none"> • Delayed financing refinances in which the borrowers purchased the subject property for cash within the past 6 months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) are eligible • Original purchase must have been an arms-length transaction • The borrower(s) may have initially purchased the property as one of the following: <ul style="list-style-type: none"> ○ a natural person; ○ an eligible inter vivos revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust; ○ an eligible land trust when the borrower is the beneficiary of the land trust; or ○ an LLC or partnership in which the borrower(s) have an individual or joint ownership of 100%. • The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV, CLTV, and HCLTV ratios for the cash-out transaction based on the current appraised value) • Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations. • A Closing Disclosure is required to document no mortgage financing was used to obtain the subject property and a preliminary title search must confirm that there are no existing liens on the subject property • The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property) • If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property. <ul style="list-style-type: none"> ○ Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction • Any gift funds used to purchase the property may not be reimbursed with proceeds of the new loan • Property may not be located in Texa
<p>7.5 Contract for Deed/Land Contract</p>	<ul style="list-style-type: none"> • Contract for Deed/Land Contracts are ineligible

<p>7.6 Construction Loan Refinancing</p>	<p>Construction loan refinances are eligible cash-out refinances and must meet the following criteria:</p> <ul style="list-style-type: none"> • Only Two-Closing Construction-to-Permanent Mortgage transactions are allowed <ul style="list-style-type: none"> ◦ Single closing construction permanent loan refinances are ineligible • Borrower must have held title to the lot for a minimum of 6 months prior to the closing of the permanent loan. • Appraiser’s final inspection is required • A certificate of occupancy is required from the applicable governing authority. If the applicable governing authority does not require a certificate of occupancy proof must be provided • Builder must be a 3rd party, with no relationship to the borrower(s). Borrower cannot act as their own contractor
<p>7.7 Subordinate Financing</p>	<ul style="list-style-type: none"> • The CLTV should be calculated using the unpaid principal balance on all closed-end subordinate financing and the full amount of any HELOCs (whether or not funds have been drawn) <ul style="list-style-type: none"> ◦ Must conform to Agency requirements • Shared appreciation not allowed
<p>7.8 Flip Transactions</p>	<ul style="list-style-type: none"> • If Seller has taken title to the subject property ninety (90) days or less prior to the date of the sales contract, the following requirements apply: <ul style="list-style-type: none"> ◦ Property seller on the purchase contract is the owner of record ◦ LTV/CLTV will be based on the lesser of the prior sales price, current purchase price or the current appraised value • Properties that are bank owned or relocation sales are exempt from the above requirements
<p>7.9 Non-Arm’s Length</p>	<p>All of the parties to a transaction must be independent of one another. Except as indicated below, if a direct relationship exists between or among the parties, the transaction is a non-arm’s length transaction, and the related loan is not eligible. The following transactions are eligible provided that such transactions and the related circumstances are properly documented:</p> <ul style="list-style-type: none"> • Sales or transfers between members of the same family <ul style="list-style-type: none"> ◦ Transaction may not be due to any adverse circumstances • Property seller acting as his or her own real estate agent • Borrower acting as his or her own real estate agent • Borrower is the employee of the originating lender • Borrower purchasing from his or her current landlord <ul style="list-style-type: none"> ◦ Cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord
<p>7.10 Ineligible Transactions</p>	<ul style="list-style-type: none"> • Interest Only • Balloon • Texas Cash Out

Section 8 – Credit Eligibility

<p>8.1 Credit Report Detail</p>	<ul style="list-style-type: none"> • A tri-merged in file credit report from all three repositories is required • Maximum age of credit report is 120 days from Note date • All inquiries that have taken place within 120 days of the credit report date must be explained by the borrower and documented accordingly
<p>8.2 Minimum Credit Requirements</p>	<ul style="list-style-type: none"> • All borrowers must have a minimum of 2 credit scores. Qualifying FICO as per matrix
<p>8.3 Housing History</p>	<ul style="list-style-type: none"> • A minimum of twenty-four (24) months verified mortgage history is required with 0 x 30 x 12 and 0 x 60 x 24 payment history • A minimum of twelve (12) months verified rental history is required with 0 X 30 X 12 payment history <ul style="list-style-type: none"> ○ For rental verification, a standard VOR completed by a professional management company or 12 months bank statements/canceled checks and a lease agreement to document the term and payment are required • Borrowers with no mortgage/rental history due to a residence scenario requiring no mortgage or rental payments are eligible with a satisfactory letter of explanation • If the housing history reflects a forbearance arrangement, the payment history must reflect 0 x 30 x 12 and 0 x 60x 24 in the most recent 24 months since exiting forbearance. The payment history must be provided by the lender/servicer
<p>8.4 Credit Scores</p>	<ul style="list-style-type: none"> • The representative credit score for qualification purposes for an individual borrower is the middle score of the three (3) scores reported <ul style="list-style-type: none"> ○ If two (2) scores are reported the representative credit score is the lower of the two scores. Credit scores from all three repositories must be requested (Equifax, Experian and TransUnion) ○ Averaging of credit scores to determine eligibility is not allowed • For multiple borrowers, the credit score is the lowest of all representative (middle) credit scores • If only one credit score or no credit score is reported borrower is not eligible. A minimum of two credit scores is required • No borrower in a transaction may have frozen credit. If a borrower has frozen credit and unfreezes their credit after the original credit report was ordered, a new credit report must be obtained to reflect current updated information for evaluation • Credit rescoring are not permitted unless the rescore is correcting erroneous line items or disputed accounts
<p>8.4 Credit Report Requirements</p>	<ul style="list-style-type: none"> • Minimum credit requirements as determined by AUS
<p>8.5 Foreclosure, Deed-In-Lieu of Foreclosure, Bankruptcy, Short Sales and Modifications</p>	<ul style="list-style-type: none"> • At least seven (7) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, notice of default (NOD), short sale, deed-in-lieu, or modification measured from the date of completion to the date of application • Modifications that were not the result of a distress situation are not subject to the waiting period

8.6 Liens, Judgements and Collections	<ul style="list-style-type: none"> Satisfactory explanation for any delinquent credit from the borrower is required. Borrower must pay off all delinquent credit that has the potential to impact lien position. Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than \$1,000.00 or if there are multiple accounts the total balance of all accounts cannot exceed \$2,500.00.
8.7 Forbearance	<ul style="list-style-type: none"> If primary residence housing history reflects a forbearance arrangement, the payment history must reflect 0 x 30 lates in the most recent 24 months since exiting forbearance.
8.8 Student Loans	<ul style="list-style-type: none"> If a monthly student loan payment is provided on the credit report, it may be used for qualifying purposes. If the credit report does not reflect the correct monthly payment, you may use the monthly payment that is on the most recent student loan statement to qualify the borrower. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, you must use one of the options below: <ul style="list-style-type: none"> If the borrower is on an income-driven payment plan, you may obtain student loan documentation to verify the actual monthly payment is \$0. The lender may then qualify the borrower with a \$0 payment. For deferred loans or loans in forbearance, you must use one of the following calculations: <ul style="list-style-type: none"> 1% of the outstanding student loan balance, or a fully amortizing payment using the documented loan repayment terms.
Section 9 – Income Documentation	
9.1 Income Sources and Calculation of Income	<p>Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020.</p>
9.2 Employment and Income Stability	<ul style="list-style-type: none"> A complete two-year history of employment and/or source of income must be stated on the 1003. <ul style="list-style-type: none"> Employment must be verified for a minimum of two years If current employment is less than two years, obtain a VOE for all employers to verify no gaps in employment Gaps of 30 days or more must be addressed with an LOE from the borrower
9.3 Salaried Borrowers	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide If the borrower does not have 2 years of employment due to previously being in school a copy of the school transcript is required Borrowers employed in a family business must provide evidence that they are not owners of the business with a CPA letter from the business and personal tax returns Signed IRS Form 4506C

<p>9.4 Salaried Borrowers w/ Self Employed Income</p>	<ul style="list-style-type: none"> • Analysis of a self-employed borrower’s personal income, including the business income or loss reported on the borrower's individual income tax returns, is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss) • If self-employed income is the primary source of income or is needed for qualifying purposes, follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>9.5 Salaried Borrowers with Commission/ Bonus</p>	<ul style="list-style-type: none"> • For borrowers receiving bonus, commission, or any other non-base salary compensation in addition to base salary, a 2-year history of the receipt of the income is required <ul style="list-style-type: none"> ◦ Commission/Bonus income with less than a 2-year history may not be used for qualification • This must be addressed with a written VOE breaking down the bonus or commission income for the past 2 years, further supported by a year-to-date paystub • A year-to-date paystub, W-2’s and tax returns alone will not satisfy the documentation requirements for bonus, commission or any other non-base salary compensation
<p>9.6 Self-Employed Borrowers</p>	<ul style="list-style-type: none"> • Borrowers with a 25 percent or greater ownership interest in a business are considered self-employed and will be evaluated as a self-employed borrower for underwriting purposes • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2021 • If the tax return for the previous tax year is not filed a 12-month signed P&L and balance sheet for this period is required • If the tax returns have not been filed by the IRS deadline, an executed copy of the borrower’s extension request for both personal and business tax returns must be provided • Signed IRS Form 4506C
<p>9.7 P&L and Balance Sheet Requirements</p>	<ul style="list-style-type: none"> • Orion Lending will apply due diligence and review the actions of the business and any impact the current economic environment has taken on the flow of income in order to determine if the borrower’s income is stable and there is a reasonable expectation of continuance • Borrowers are required to provide the following documentation to support the decision that the self-employment income meets requirements: <ul style="list-style-type: none"> ◦ An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; or; ◦ An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and three (3) business depository account statements no older than the latest three (3) months represented on the year-to-date signed profit and loss statement <ul style="list-style-type: none"> ▪ For example, the business depository account statements can be no older than March, April and May for a year-to-date profit and loss statement dated through May 31, 2020 • Orion Lending must review the three (3) most recent bank statements must support and/or not conflict with the information presented in the current year-to-date P&L statement. Otherwise, additional statements or other documentation to support the information from the current year-to-date P&L statement will be required • The year-to-date profit and loss statement and balance sheet must not be more than 60 days aged as of the note date

<p>9.8 Debts Paid by Business</p>	<ul style="list-style-type: none"> • When a self-employed borrower claims that a monthly obligation that appears on their personal credit report (such as a Small Business Administration loan) is being paid by the borrower’s business, the account payment does not need to be considered as part of the borrower’s DTI ratio if: <ul style="list-style-type: none"> ○ The account in question does not have a history of delinquency, ○ The business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and ○ The account payment is reflected on the tax returns as a business expense • The account payment must be considered as part of the borrower’s DTI ratio in any of the following situations: <ul style="list-style-type: none"> ○ The business does not provide sufficient evidence that the obligation was paid out of company funds, or ○ The account payment is not reflected on the tax returns as a business expense ○ If the account in question has a history of delinquency <ul style="list-style-type: none"> ▪ To ensure that the obligation is counted only once, the lender should adjust the net income of the business by the amount of interest, taxes, or insurance expense, if any, that relates to the account in question
<p>9.9 Self Employed Verification of Active Business</p>	<ul style="list-style-type: none"> • Verification of the existence of the borrower’s business must be completed within one hundred and twenty (120) calendar days prior to the note date
<p>9.10 Verbal VOE</p>	<ul style="list-style-type: none"> • Verbal VOE dated within ten (10) business days prior to the note date is required
<p>9.11 Other Income</p>	<ul style="list-style-type: none"> • Capital Gains <ul style="list-style-type: none"> ○ Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide • Social Security <ul style="list-style-type: none"> ○ Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide • Grossing Up Income <ul style="list-style-type: none"> ○ Document that the income is non-taxable ○ Income will be grossed up at 25% ○ See additional information in chapter B3-3.1-01 of the Fannie Mae Single Family Selling Guide • Part Time or Seasonal Income <ul style="list-style-type: none"> ○ May be utilized if earned for 2 years uninterrupted • For all other acceptable income sources: <ul style="list-style-type: none"> ○ Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide

9.12 Projected Income

- Projected Income is limited to loans that meet the following criteria:
 - purchase transaction,
 - principal residence,
 - one-unit property,
 - the borrower is not employed by a family member or by an interested party to the transaction, and
 - the borrower is qualified using only fixed base income
- Orion must obtain and review the borrower’s offer or contract for future employment. The employment offer or contract must:
 - Clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower
 - Clearly identify the terms of employment, including position, type and rate of pay, and start date; and
 - Be non-contingent
 - Note: If conditions of employment exist, the underwriter must confirm prior to clear to close that all conditions of employment are satisfied by written documentation from the employer. This confirmation must be contained in the loan file. Also note that for a union member who works in an occupation that results in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), the union may provide the executed employment offer or contract for future employment
- The borrower’s start date must be no earlier than 30 days prior to the note date or no later than 90 days after the note date
- The flowing documentation is required when the borrower’s start date is prior to the Note date:
 - Verbal verification of employment that confirms the borrower’s employment status as Active

If the borrower’s start date is...	Documentation Required
<ul style="list-style-type: none"> • The note date or no more than 30 days prior to the note date 	<ul style="list-style-type: none"> • Employment offer or contract; and • Verbal verification of employment that confirms active employment status

In addition to the amount of reserves required for the transaction, one of the following must be met:

- Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; or
- Financial resources sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month
- Financial resources may include:
 - Financial reserves, and
 - Current income

Current income refers to net income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. For this purpose, the underwriter may use the amount of income the borrower is expected to receive between the note date and the employment start date. If the current income is not being used for qualifying purposes, it can be documented by using income documentation, such as a paystub, but a verification of employment is not required

- A letter of explanation from the borrower is required to determine how long the current income will be received

<p>9.13 Alimony and Child Support Income</p>	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>9.14 Trust Income</p>	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>9.15 Interest and Dividend Income</p>	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>9.16 Rental Income</p>	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>9.17 Unacceptable Income</p>	<p>Unacceptable income sources include the following:</p> <ul style="list-style-type: none"> Any source that cannot be verified Income produced or in relation to federally prohibited activities is not eligible Income that is temporary Rental Income (Boarder Income) received from the borrower's primary residence Expense account payments Asset depletion of non-employment related assets Retained earnings Virtual Currency
<p>9.18 4506 -C/Tax Transcripts</p>	<ul style="list-style-type: none"> Tax transcripts are required for all borrowers and income types and must be obtained by Orion Lending from the IRS for the years being used for qualification Wage transcripts are acceptable for W-2 borrowers and 1099 transcripts are acceptable for 1099 borrowers Tax transcripts are not required for newly received income such as retirement, social security and trust income that would not appear on the prior year tax returns Borrower pulled transcripts are not acceptable

Section 10 – Debts and Liabilities	
10.1 Debt-to-Income Ratio	The Debt-to-Income (DTI) ratio is based on the total of existing monthly liabilities and any planned future monthly liabilities divided by gross monthly income. Liabilities include but are not limited to all housing expenses, revolving debts, installment debts, other mortgages, rent, alimony, child support, and other consistent and recurring expenses. Refer to the Product Matrix for the maximum allowable DTI
10.2 Installment Debt	<ul style="list-style-type: none"> • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
10.3 Revolving Debt	<ul style="list-style-type: none"> • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
10.4 Departing Residence – Rental Income	<ul style="list-style-type: none"> • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
10.5 Current Principal Residence Pending Sale	<ul style="list-style-type: none"> • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
Section 11 – Assets and Source of Funds	
11.1 Source of Funds	<ul style="list-style-type: none"> • Follow DU and applicable current Agency selling guide requirements unless otherwise addressed below. <ul style="list-style-type: none"> ○ Business assets used must be accompanied by a CPA letter confirming that the withdrawal of the funds from the business will not harm the financial strength of the business ○ Gift of Equity is not allowed
11.2 Reserves	<ul style="list-style-type: none"> • If loan amount ≤ \$1,500,000 – 6 Months • If loan amount > \$1,500,000 and ≤ \$2,000,000 – 9 Months • If loan amount > \$2,000,000 – 24 Months
11.3 Acceptable Reserves	<ul style="list-style-type: none"> • Equity lines of credit, gift funds, business assets and cash out from the subject property on a refinance transaction are not acceptable sources to meet the reserve requirement

<p>11.4 Asset Documentation</p>	<ul style="list-style-type: none"> • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide • Stocks, Stock Options, Mutual Funds, and 401K <ul style="list-style-type: none"> ○ When used for down payment or closing cost, evidence of the borrower’s actual receipt of funds realized from the sale or liquidation must be documented in all cases ○ When used for reserves, 100% of the value may be considered, and liquidation is not required <ul style="list-style-type: none"> ▪ Requires verification that the account is vested and allows withdrawals regardless of current employment status
<p>Section 12 - Property</p>	
<p>12.1 Appraisal</p>	<ul style="list-style-type: none"> • All appraisals must be completed on the most current Agency appraisal forms as stipulated in the Seller’s Guide and conform to Agency appraisal practices and eligibility requirements • All loans require a full interior/exterior appraisal <ul style="list-style-type: none"> ○ Properties with a C5 or C6 property condition rating are not allowed • Appraisals must not be over 120 days old from the date of the Note • Two (2) full appraisals are required for loan amounts > \$2,000,000. LTV/CLTV will be based on the lower of the two values. All inconsistencies between the two appraisals must be addressed and reconciled • Appraisals transferred or assigned from another lender are not acceptable • If appraisal is over 120 days old, a recertification of value needs to be performed. Properties must have an original appraisal dated within the twelve months that precede the date of the Note and Mortgage
<p>12.2 Eligible Property Types</p>	<ul style="list-style-type: none"> ▪ 1-4 Units attached / detached Owner Occupied ▪ 1 Unit Second Homes ▪ Low/mid/high-rise new and established agency warrantable condominiums. Condominiums with HOA in litigation are ineligible. Minimum square footage 400 ▪ Planned Unit Development (PUD) ▪ Maximum lot size 20 acres. Properties with greater than 10 acres must have three comparable sales with similar acreage

<p>12.3 Ineligible Property Types</p>	<ul style="list-style-type: none"> • Manufactured Homes • Factory built housing • Unique properties, such as geodesic domes, log homes, etc. • Agriculturally zoned properties (agricultural/residential eligible) • Working/Hobby farms • Condotels • Co-ops • Mixed Use • Properties with oil and gas lease • Commercially or Rural Zoned • Leasehold • Non-Warrantable Condos • Properties with more than 20 acres • Log homes • Hawaii lava zones 1 and 2
<p>12.4 Declining Markets</p>	<ul style="list-style-type: none"> • Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by appraiser
<p>12.5 Property Acceptability</p>	<p>The property site should be of a size, shape, and topography that is generally conforming and acceptable in the market area. It must also have competitive utilities, street improvements, adequate vehicular access, and other amenities. As amenities, easements, and encroachments may either detract from or enhance the marketability of a site, the appraiser must reflect them in his or her analysis and evaluation. The appraiser must comment if the site has adverse conditions or if there is market resistance to a property because the site is not compatible with the neighborhood or the requirements of the competitive market, and assess the effect, if any, on the value and marketability of the property</p>
<p>12.6 Third Party Appraisal Review</p>	<ul style="list-style-type: none"> • A Collateral Desk Analysis (CDA) from Clear Capital is required for all appraisals with a CU score greater than 2.5 or no score <ul style="list-style-type: none"> ○ A CDA is not required for loans with two appraisals, regardless of the collateral underwriter score, except ARMs (below) ○ Adjustable-Rate Mortgages - A Collateral Desk Analysis (CDA) is required for all appraisals regardless of CU score • The review must not be over 120 days old from the date of the Note • All discrepancies between the appraisal and the desk review must be reconciled • If the CDA produces a value lower than the appraisal by more than 10%, the loan is not eligible

<p>12.7 Properties Located in a Disaster Area</p>	<p>For properties located in a FEMA declared disaster area a re-inspection is required to be performed by the original appraiser. A written certification is required from the appraiser to confirm that the property value has not been impacted by the disaster</p> <p>Orion Lending certification is not acceptable</p> <p>For FEMA declared natural disasters, the inspections must be dated after the disaster end date is declared by FEMA https://inciweb.nwcg.gov https://inciweb.nwcg.gov</p>
--	--

Section 13 – Miscellaneous Guideline Requirements

<p>13.1 Refinance Seasoning</p>	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>13.2 Multiple Financed Properties</p>	<ul style="list-style-type: none"> Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>13.3 Balloon Mortgage</p>	<ul style="list-style-type: none"> Balloon mortgages are not eligible
<p>13.4 Recasting/Re-amortizing</p>	<ul style="list-style-type: none"> Recasting or re-amortized transactions are not eligible
<p>13.5 Temporary Buydown</p>	<ul style="list-style-type: none"> Temporary buydown mortgage loans are not eligible
<p>13.6 Prepayment Penalties</p>	<ul style="list-style-type: none"> Not allowed

<p>13.7 Interested Party Contributions</p>	<p>Interested party contributions include funds contributed by the property seller, builder, developer, real estate agent or any other party with an interest in the real estate transaction. Interested party contributions may only be used for closing costs and prepaid expenses</p> <table border="1" data-bbox="514 1218 1768 1398"> <thead> <tr> <th>OCCUPANCY</th> <th>LTV / CLTV</th> <th>Max Financing Contribution</th> </tr> </thead> <tbody> <tr> <td>Primary & Second Home</td> <td>≤ 75%</td> <td>9%</td> </tr> <tr> <td>Primary & Second Home</td> <td>75.01 – 89.99</td> <td>6%</td> </tr> </tbody> </table>	OCCUPANCY	LTV / CLTV	Max Financing Contribution	Primary & Second Home	≤ 75%	9%	Primary & Second Home	75.01 – 89.99	6%
OCCUPANCY	LTV / CLTV	Max Financing Contribution								
Primary & Second Home	≤ 75%	9%								
Primary & Second Home	75.01 – 89.99	6%								

<p>13.8 Seller Contributions</p>	<ul style="list-style-type: none"> • Seller contributions in excess of the interested party contribution limits or contributions not being used for prepaid expenses or closing costs are considered seller concessions. The amount of the seller concession must be deducted from the purchase price and appraised value to determine the LTV
<p>13.9 HERO/PACE/Solar Panels</p>	<ul style="list-style-type: none"> • Any item that that will include a UCC associated with the property and/or will create an easement on title is ineligible • Payoff of a HERO lien is considered cash-out
<p>13.10 Escrows</p>	<ul style="list-style-type: none"> • Escrow accounts may be created for funds collected by the originator to pay taxes, hazard insurance, flood insurance, special assessments, water, sewer, and other items as applicable • All applicable loans must adhere to HFIAA regarding flood insurance escrows • Escrow holdbacks are not allowed
<p>13.11 Maximum Financed Properties</p>	<ul style="list-style-type: none"> • Follow DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
<p>13.12 Recent Refinance of Primary</p>	<ul style="list-style-type: none"> • If a borrower recently purchased a primary or refinanced their current home as a primary, they cannot purchase another home as a primary within 12 months
<p>13.13 Closing in a Trust</p>	<ul style="list-style-type: none"> • Permitted. See Orion's Trust policy
<p>13.14 Principal Reductions</p>	<ul style="list-style-type: none"> • Lessor of \$2,500 or 2% of the new loan amount
<p>13.15 Borrower Executed Documents</p>	<ul style="list-style-type: none"> • Any document requiring a borrower signature that is not generated in the Orion Lending closing package must be executed prior to the Note date, e.g. tax returns, P&L and letters of explanation