

ORION
LENDING

TITAN
FLEX

PROGRAM GUIDELINES AND MATRICES

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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.

The ORION LENDING guidelines 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 guidelines.

Titan Flex program 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

All Covered Loans must be designated as ATR compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c). Federal, State, and Local High-Cost Loans are not permitted.

Statement on Suitability

All loans are required to have evidence of agency ineligibility. This may be satisfied through a DU®/DO® or LPA® underwriting findings report in file verifying the loan does not qualify for delivery, or as evidenced on the 1008. Alternatively, ORION LENDING will accept a pricing engine printout evidencing more favorable pricing to benefit the borrower.

Age of Documents:

- Credit – 120 days prior to note date
- Income – 120 days prior to note date
- Assets – 120 days prior to note date
- Appraisals are good for 120 days from effective date to note date. Any appraisal seasoned greater than 120 days will require a recertification of value. A recert of value extends the original appraisal expiration date up to 180 days from effective date to note date. Appraisals > 180 days from effective date will require a new appraisal.

Fraud Reporting:

All Loans must include a third-party fraud detection/background report on the borrowing entity and the guarantor. Report findings must cover standard areas of quality control including but not limited to borrower validation, Social Security verification, OFAC, Patriot Act, and property information (including other real estate owned). Findings may impact borrower qualification.

<p>2.1 Loan Exceptions</p>	<ul style="list-style-type: none"> • Exceptions will be reviewed on a case-by-case basis • Each exception must be supported by one compensating factor • If approved, exceptions will incur an additional LLPA (minimum .250%) and/or a price cap to be determined at time of exception approval • Exceptions may take up to 2 business days, once all documentation has been received for the exception <p>The following exception requests will NOT be considered:</p> <table border="1" data-bbox="401 440 1961 829"> <tr> <td>• More than 3 exception items</td> <td>• LTV variance > 5%</td> <td>• Loan Amounts ≤ \$100,000 or > \$2,500,000</td> </tr> <tr> <td>• Condos located in Florida</td> <td>• More than 2 characteristics to non-warrantable condo guidelines</td> <td>• Commercial, Industrial, or No Zoning properties that are rural in nature</td> </tr> <tr> <td>• Over 10 Acres</td> <td>• C5 or C6 property condition rating</td> <td>• Multiple Bankruptcies</td> </tr> <tr> <td>• Pending Divorce or Litigation (must be finalized)</td> <td>• Ineligible Borrowers</td> <td>• Acceptable Vista types</td> </tr> <tr> <td>• >50% DTI</td> <td>• Non-warrantable condos w/more than 2 non-warrantable features</td> <td>• PTIN for P&L doc type or PTIN provided expense ratio</td> </tr> </table> <ul style="list-style-type: none"> • Any Exception that is paired with the following parameters will not be considered: <ul style="list-style-type: none"> ○ FICO < 660 ○ LTV ≥ 85% ○ Rural Property characteristics ○ P&L documentation type, unless 10% LTV below max CLTV ○ Asset Utilization documentation type 		• More than 3 exception items	• LTV variance > 5%	• Loan Amounts ≤ \$100,000 or > \$2,500,000	• Condos located in Florida	• More than 2 characteristics to non-warrantable condo guidelines	• Commercial, Industrial, or No Zoning properties that are rural in nature	• Over 10 Acres	• C5 or C6 property condition rating	• Multiple Bankruptcies	• Pending Divorce or Litigation (must be finalized)	• Ineligible Borrowers	• Acceptable Vista types	• >50% DTI	• Non-warrantable condos w/more than 2 non-warrantable features	• PTIN for P&L doc type or PTIN provided expense ratio
• More than 3 exception items	• LTV variance > 5%	• Loan Amounts ≤ \$100,000 or > \$2,500,000															
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• Pending Divorce or Litigation (must be finalized)	• Ineligible Borrowers	• Acceptable Vista types															
• >50% DTI	• Non-warrantable condos w/more than 2 non-warrantable features	• PTIN for P&L doc type or PTIN provided expense ratio															
<p>2.2 Compensating Factors</p>	<ul style="list-style-type: none"> • FICO score above minimum by 20 points or higher • DTI below max by 5% or greater • PITIA reserves above minimum by 6 months or higher • Reduction in housing payment by 10% or greater • Residual income <ul style="list-style-type: none"> ○ 1 person: \$1,550 ○ 2 people: \$2,500 ○ Add \$150 per additional household member 	<ul style="list-style-type: none"> • Minimal payment shock • Conservative use of non-housing debt • 0 X 30 X 24-month housing history • 5 years minimum in subject property • Job stability of 5 years or more • Stable ancillary income sources for borrowers not being used for qualifying • **Note** LTV for Primary Residence may not be considered a compensating factor 															

Section 3 – Product Eligibility

3.1 Programs

- **Full Doc** – [Section 9](#)
 - 2 years income documentation
- **Express Doc** – [Section 10](#)
 - 1 year income documentation
 - Wage Earner or Self Employed
- **12 months Personal or Business Bank Statements** – [Section 11](#)
 - Borrowers who are using more than 5 separate bank accounts must qualify using Personal Bank Statements
- **12 or 24-month CPA P & L** - [Section 12](#)
- **Asset Utilization** – Drawdown of liquid assets to determine qualifying income – [Section 13](#)

3.2 Eligible Products

Product	Amort Term	Index	Margin	Caps	Qualifying Rate	Program Codes
30 Yr. Fixed	360	NA	NA	NA	Note Rate	NQMF30
30 Yr. Fixed I/O	240	NA	NA	NA	Qualifying Rate and term that equals the amortization term (i.e., 360 months for 40 yr. I/O)	NQMF30 I/O
40 Yr. Fixed	480	NA	NA	NA	Note Rate	NQMF40
40 Yr. Fixed I/O	360	NA	NA	NA	Qualifying Rate and term that equals the amortization term (i.e., 360 months for 40 yr. I/O)	NQMF40 I/O
5/6 ARM	360/480	30 – day SOFR	4%	2/1/5	The greater of the Note Rate or the Fully Indexed Rate (rounded to the nearest .125)	NQMA5/6
5/6 ARM I/O	240/360 ¹	30 – day SOFR	4%	2/1/5	Qualifying Rate and term that equals the amortization term (i.e., 360 months for 40 yr. I/O)	NQMA5/6 I/O
7/6 ARM	360/480	30 – day SOFR	4%	5/1/5	The greater of the Note Rate or the Fully Indexed Rate (rounded to the nearest .125)	NQMA7/6
7/6 ARM I/O	240/360 ¹	30 – day SOFR	4%	5/1/5	Qualifying Rate and term that equals the amortization term (i.e., 360 months for 40 yr. I/O)	NQMA7/6 I/O

¹Interest Only Period

- 40 Year Interest Only = 10 year I/O, 30-year amortization
 - Max 80% LTV
- 30 Year Interest Only = 10 year I/O, 20-year amortization
 - Max 85% LTV

<p>3.3 Available Buydown Products</p>	<table border="1"> <thead> <tr> <th>Product</th> <th>Amort Term</th> <th>Index</th> <th>Margin</th> <th>Caps</th> <th>Qualifying Rate</th> <th>Program Codes</th> </tr> </thead> <tbody> <tr> <td>30 Yr. Fixed</td> <td>360</td> <td>NA</td> <td>NA</td> <td>NA</td> <td>Note Rate</td> <td>NQMF30 BD 1/0, NQMF30 BD 2/1</td> </tr> <tr> <td>40 Yr. Fixed</td> <td>480</td> <td>NA</td> <td>NA</td> <td>NA</td> <td>Note Rate</td> <td>NQMF40 BD 1/0, NQMF40 BD 2/1</td> </tr> </tbody> </table>	Product	Amort Term	Index	Margin	Caps	Qualifying Rate	Program Codes	30 Yr. Fixed	360	NA	NA	NA	Note Rate	NQMF30 BD 1/0, NQMF30 BD 2/1	40 Yr. Fixed	480	NA	NA	NA	Note Rate	NQMF40 BD 1/0, NQMF40 BD 2/1
Product	Amort Term	Index	Margin	Caps	Qualifying Rate	Program Codes																
30 Yr. Fixed	360	NA	NA	NA	Note Rate	NQMF30 BD 1/0, NQMF30 BD 2/1																
40 Yr. Fixed	480	NA	NA	NA	Note Rate	NQMF40 BD 1/0, NQMF40 BD 2/1																
<p>3.4 Temporary Buydowns</p>	<ul style="list-style-type: none"> • Eligible Buydown Option <ul style="list-style-type: none"> ○ 1/0 buydown ○ 2/1 buydown • Owner Occupied Purchase only • 30/40 yr. Fixed Rate Only • Seller or Builder paid buydowns allowed <ul style="list-style-type: none"> ○ Third Party (RE Agents, Etc.) and/or Borrower paid buydowns are not eligible • Borrower must qualify at the Note Rate <ul style="list-style-type: none"> ○ If reserves are required, the reserves must be calculated using the permanent Note Rate payment • Borrower(s) and Seller/Builder are required to sign the Temporary Buydown Agreement at closing • The percentage of funds must be included in the interested party contribution limit <ul style="list-style-type: none"> ○ To calculate the percentage of the buydown fund contribution, divide the buydown fund total by the purchase price • See Buydown calculator 																					
<p>3.5 Minimum Loan Amount</p>	<ul style="list-style-type: none"> • Minimum Loan amount: \$125,000 • Maximum eligible loan amount is \$3,500,000 																					

<p>3.6 Interest Only</p>	<p>Interest Only Requirements:</p> <ul style="list-style-type: none"> • Minimum FICO - 700 • Purchase <ul style="list-style-type: none"> ○ Max 85% LTV/CLTV ○ Max 80% LTV/CLTV for 40 yr. term • Rate/Term and Cash Out <ul style="list-style-type: none"> ○ Max 80% LTV/CLTV • Qualification Options <ul style="list-style-type: none"> ○ Qualify at the note rate based on fully amortizing Principal and Interest payment during the principal repayment period <ul style="list-style-type: none"> ▪ Interest Only payment cannot be used to qualify ▪ Qualify based on the term that equals the fully amortizing term (i.e., 360 months for 40 year I/O)
<p>3.7 HPML</p>	<ul style="list-style-type: none"> • Escrows for taxes and insurance will be required for 5 years. • Two appraisals are required to be delivered for flip transactions <i>as defined by the CFPB</i> – see section 7.12 for additional information
<p>3.8 DTI</p>	<ul style="list-style-type: none"> • Max 50% DTI unless the following applies: <ul style="list-style-type: none"> ○ If >85% LTV/CLTV, max 45% DTI ○ When Asset Utilization is used as a supplemental source of income, max 45% DTI • Greater than 50% DTI up to max 55% DTI may be allowed if the following are met: <ul style="list-style-type: none"> ○ Primary Residences Only ○ Max 80% LTV/CLTV ○ Min 720 Credit Score ○ Max \$1.5M Loan Amount ○ 9 months reserves ○ No 40-yr term ○ No Interest Only ○ No P&L, WVOE, or Asset Utilization income doc type as a primary or supplemental income source ○ No CPA provided expense ratio allowed ○ No exceptions allowed

**3.9 Prepayment
Penalty**

- Standard Prepayment Penalty Term – 1, 2, 3, 4, or 5 years (see rate sheet for details)
 - PPP can be bought out, see rate sheet
- The following states do not allow a PPP and are to be priced as No PPP
 - AK, KS, KY, MI, MN, NM, OH, RI
 - IL
 - Not allowed on loans vested to individuals
 - NJ
 - Prepay penalties in NJ are only allowed on loans to C-Corporation or S-Corporation
- Pennsylvania - Prepayment penalties are not allowed on loan balances which are less than an adjusted value as determined by the Dept of Banking & Securities. For the calendar year 2026, the amount is \$329,411
- Prepay penalties are only allowed on loans >\$1MM: VT
- Only declining prepayment penalty structures are allowed in LA & MS
- [See Prepayment Penalty Calculator](#)

3.10 Geographic Restrictions

- **Ineligible States / Counties**
 - Loans secured by properties located in the following areas are **ineligible**:
 - **West Virginia**
 - **Maryland**
 - Baltimore City, MD only
- **New York Restrictions**
 - Loans secured by properties located in the following New York counties/areas are subject to the restrictions below:
 - Rockland County
 - Orange County
 - Brooklyn
 - **Primary Residences and Second Homes**
 - Primary Residence and Second Home transactions in Rockland County, Orange County, and Brooklyn must meet **all** of the following requirements:
 - Minimum credit score greater than **720**
 - **Loan amount must be less than or equal to:**
 - **\$1,500,000** for Rockland County and Orange County
 - **\$2,500,000** for Brooklyn
 - Appraisal requirements:
 - **LTV less than 70%:** One appraisal plus a field review, or two appraisals
 - **LTV greater than 70%:** Two appraisals required
 - **Additional Due Diligence / Possible Exception / Repricing**
 - Loans located in Rockland County, Orange County, or Brooklyn that meet any of the following criteria are subject to additional due diligence, possible exception review, and potential repricing:
 - All Investment Property transactions
 - Primary Residence or Second Home transactions with:
 - Credit score less than **720**
 - Loan amount greater than **\$1,500,000** in Rockland County or Orange County
 - Loan amount greater than **\$2,500,000** in Brooklyn
 - **Geographic Watchlist**
 - Properties located in the following markets are subject to additional appraisal due diligence and may be subject to repricing:
 - New Jersey
 - Bergen County
 - Essex County
 - Chicago, IL
 - Kansas City, MO
 - New Orleans, LA
 - Philadelphia, PA
 - See [section 17.12](#) for state-specific condo restrictions/requirements

Section 4 – Product Matrix (Full Doc, Express Doc, Bank Statements, P & L, & Asset Utilization)

**4.1 Purpose –
Primary Residence &
Second Home**

PRIMARY RESIDENCE (1-4 Units)			
TRANSACTION TYPE	MAX LOAN AMOUNT	MIN FICO	MAX LTV/CLTV
Purchase Rate/Term	\$1,000,000	700	90% (Purchase Only)
	\$1,500,000	720	90% (Purchase Only)
	\$2,000,000	680	85%
		660	80%
	\$2,500,000	680	80%
	\$3,000,000	700	80%
Cash Out	\$1,500,000	700	80%
		660	75%
	\$2,000,000	720	80%
		700	75%
	\$2,500,000	660	70%
		720	75%
\$3,000,000	700	70%	
\$3,000,000	720	70%	
SECOND HOME (1 Unit)			
TRANSACTION TYPE	MAX LOAN AMOUNT	MIN FICO	MAX LTV/CLTV
Purchase Rate/Term	\$1,000,000	680	85%
		660	80%
	\$1,500,000	720	85%
		660	75%
	\$2,000,000	680	80%
	\$2,500,000	700	80%
680		75%	
\$3,000,000	720	65%	
Cash Out	\$1,500,000	680	75%
		660	70%
	\$2,000,000	720	75%
		680	70%
	\$2,500,000	660	65%
		720	70%

4.2 Primary & Second Home Program Restrictions

PROGRAM RESTRICTIONS / REQUIREMENTS	
All Programs	MAX LTV/CLTV
No Escrows	85%
Condos (Warrantable)	85%
Condos (Non-Warrantable)	80%
Loan Amount < \$200,000	85%
First Time Homebuyer	85%
30 Year Interest Only	85%
40 Year Interest Only	80%
Asset Utilization	80% (Purchase & Rate/Term), 60% (Cash-Out)
Bank Statement – 3 rd party expense ratio	80% (Purchase & Rate/Term), 75% (Cash-Out)
Bank Statement – Fixed expense ratio	90% (Purchase & Rate/Term), 80% (Cash-Out)
Profit & Loss (P & L) – Max UPB \$2,000,000	80% (Purchase), 75% (Rate/Term), 70% (Cash-Out)
Gift of Equity	75%
Rural Properties	75% (Primary), 70% (Second Home)
Appraisal marked 'Suburban' but zoned 'Rural Residential'	80% (Purchase), 75% (Rate/Term), 65% (Cash-Out)
55% DTI	80% (Primary)
Properties Listed for Sale within the Last 12 Months	65% (Cash-out)
Declining Markets	5% reduction to max eligibility
All Doc Types – Supplemental Sources of Income	Worst case pricing and LTV/FICO caps apply

4.3 Purpose – Investment

INVESTMENT (1-4 Units)			
TRANSACTION TYPE	MAXIMUM LOAN AMOUNT	FICO	LTV/CLTV
Purchase Rate/Term	\$1,500,000	660	80%
	\$2,000,000	680	80%
		660	75%
	\$2,500,000	700	80%
Cash Out	\$1,500,000	680	75%
	\$2,000,000	660	70%
	\$2,500,000	720	70%

<p>4.3.1 Investment Program Restrictions</p>	<table border="1"> <thead> <tr> <th colspan="2">PROGRAM RESTRICTIONS / REQUIREMENTS</th> </tr> <tr> <th>All Programs</th> <th>MAX LTV/CLTV</th> </tr> </thead> <tbody> <tr> <td>Asset Utilization</td> <td>65% (Purchase & Rate/Term), 60% (Cash-Out)</td> </tr> <tr> <td>Bank Statement – 3rd party expense ratio</td> <td>80% (Purchase & Rate/Term), 75% (Cash-Out)</td> </tr> <tr> <td>Profit & Loss (P & L)</td> <td>Not Eligible</td> </tr> <tr> <td>Rural Properties</td> <td>Not Eligible</td> </tr> <tr> <td>Appraisal marked 'Suburban' but zoned 'Rural Residential'</td> <td>80% (Purchase), 75% (Rate/Term), 65% (Cash-Out)</td> </tr> <tr> <td>Declining Markets</td> <td>5% reduction to max eligibility</td> </tr> <tr> <td>All Doc Types – Supplemental Sources of Income</td> <td>Worst case pricing and LTV/FICO caps apply</td> </tr> </tbody> </table>	PROGRAM RESTRICTIONS / REQUIREMENTS		All Programs	MAX LTV/CLTV	Asset Utilization	65% (Purchase & Rate/Term), 60% (Cash-Out)	Bank Statement – 3 rd party expense ratio	80% (Purchase & Rate/Term), 75% (Cash-Out)	Profit & Loss (P & L)	Not Eligible	Rural Properties	Not Eligible	Appraisal marked 'Suburban' but zoned 'Rural Residential'	80% (Purchase), 75% (Rate/Term), 65% (Cash-Out)	Declining Markets	5% reduction to max eligibility	All Doc Types – Supplemental Sources of Income	Worst case pricing and LTV/FICO caps apply										
PROGRAM RESTRICTIONS / REQUIREMENTS																													
All Programs	MAX LTV/CLTV																												
Asset Utilization	65% (Purchase & Rate/Term), 60% (Cash-Out)																												
Bank Statement – 3 rd party expense ratio	80% (Purchase & Rate/Term), 75% (Cash-Out)																												
Profit & Loss (P & L)	Not Eligible																												
Rural Properties	Not Eligible																												
Appraisal marked 'Suburban' but zoned 'Rural Residential'	80% (Purchase), 75% (Rate/Term), 65% (Cash-Out)																												
Declining Markets	5% reduction to max eligibility																												
All Doc Types – Supplemental Sources of Income	Worst case pricing and LTV/FICO caps apply																												
<p>4.4 Asset Utilization</p>	<table border="1"> <thead> <tr> <th colspan="4">ASSET UTILIZATION</th> </tr> <tr> <th>TRANSACTION TYPE</th> <th>MAXIMUM LOAN AMOUNT</th> <th>FICO</th> <th>LTV/CLTV</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;">OWNER OCCUPIED / SECOND HOME</td> </tr> <tr> <td>Purchase & Rate/Term</td> <td colspan="2" rowspan="2">See Section 4.2 (Full Doc)</td> <td>80%</td> </tr> <tr> <td>Cash out</td> <td>60%</td> </tr> <tr> <td colspan="4" style="text-align: center;">INVESTMENT</td> </tr> <tr> <td>Purchase & Rate/Term</td> <td colspan="2" rowspan="2">See Section 4.3 (Full Doc)</td> <td>65%</td> </tr> <tr> <td>Cash Out</td> <td>60%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Declining Markets see section 17.3 	ASSET UTILIZATION				TRANSACTION TYPE	MAXIMUM LOAN AMOUNT	FICO	LTV/CLTV	OWNER OCCUPIED / SECOND HOME				Purchase & Rate/Term	See Section 4.2 (Full Doc)		80%	Cash out	60%	INVESTMENT				Purchase & Rate/Term	See Section 4.3 (Full Doc)		65%	Cash Out	60%
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Section 5 – Borrower Eligibility

<p>5.1 Eligible Borrowers</p>	<ul style="list-style-type: none"> • U.S. Citizens • First Time Homebuyer – see Section 5.3 <ul style="list-style-type: none"> ○ Maximum 85% LTV <ul style="list-style-type: none"> ▪ Max LTV 80% for borrower(s) living rent free (primary purchases only) (Section 8.9) • Permanent Resident Aliens • Non-Permanent Resident Aliens • Inter-Vivos Revocable Trust – see Section 5.5 • Limited partnerships, general partnerships, corporations, Limited Liability Company (layered entities not permitted) • Non-Occupant Co-Borrower – must be vested on title, co-signers not allowed
<p>5.2 First Time Investor</p>	<ul style="list-style-type: none"> • A First Time Investor is defined as a borrower who has not owned at least one commercial or residential investment property in the United States for at least 12 months in the last 3 years. Borrower(s) living rent free, see Section 8.9 <ul style="list-style-type: none"> ○ Only applicable if all borrower(s) meet the definition above ○ Minimum FICO 700 • FTHB must be submitted for exception and must meet the following restrictions below: <ul style="list-style-type: none"> ▪ Minimum FICO 700 ▪ 5% reduction to Max LTV/CLTV per program ▪ Max 45% DTI ▪ No interest only ▪ No 40-year term ▪ No Credit Events ▪ Must have recent 12-month housing history reflecting 0 X 30 X 12 ▪ Incomplete Housing History / Living Rent-Free ineligible

<p>5.3 First Time Homebuyer</p>	<p>Investment Properties: Exception is required for a FTHB and must meet (at a minimum) the requirements in section 5.2 to be a valid exception request:</p> <ul style="list-style-type: none"> • An individual is to be considered a first-time homebuyer who: <ul style="list-style-type: none"> ◦ Is purchasing the security property; and ◦ Had no ownership interest (sole or joint) in a residential property during the 3-year period preceding the date of the purchase of the security property • If one borrower on the transaction is not a FTHB, no further restrictions apply • Maximum 85% LTV <ul style="list-style-type: none"> ◦ Max LTV 80% when borrower(s) living rent free (applies to Primary Purchase Only) – See section 8.9 • If purchasing an investment property, first-time investor restrictions apply, see section 5.2
<p>5.4 Non-Occupant Co-Borrower</p>	<ul style="list-style-type: none"> • Non-occupant co-borrowers are credit applicants who do not occupy the subject property <ul style="list-style-type: none"> ◦ Must be an immediate relative, as defined by Fannie Mae <ul style="list-style-type: none"> ▪ Relationship letter is required ◦ Must sign both the note and deed of trust ◦ Must not have an interest in the property sales transaction, such as the property seller, builder, or real estate broker • Blended ratios allowed • Co-signers not allowed
<p>5.5 Intervivos Revocable Trusts</p>	<p>Permitted in accordance with Fannie Mae</p> <ul style="list-style-type: none"> • Vesting in a trust requires Trust Cert (see excluded states below) <ul style="list-style-type: none"> • Connecticut, Hawaii, Louisiana, New York, Oklahoma, Rhode Island ▪ If using trust assets to qualify, full trust documents are required, and borrower must be beneficiary of the trust ▪ Trust Agreement/Verification is allowed in lieu of full trust docs with third-party asset documentation/bank statements to verify the assets in the trust

<p>5.6 Ineligible Borrowers</p>	<p>Exceptions will not be considered:</p> <ul style="list-style-type: none"> • Irrevocable, Blind, and Land Trusts • Vesting in retirement vehicles • Foreign Nationals • DACA Recipients • Any parties to a transaction listed on HUD’s Limited Denial of Participation (LDP) list, or the federal General Services Administrative (GSE) Excluded Party lists • Borrowers with diplomatic immunity • Borrowers involved in active litigation, including pending divorce or separation that has not been finalized
<p>5.7 Limited and General Partnerships, Corps, & LLCs</p>	<ul style="list-style-type: none"> • No layering of entities (i.e., LLC whose member(s) are a trust) <ul style="list-style-type: none"> ○ Personal guarantor required and must be authorized to sign on behalf of the entity <ul style="list-style-type: none"> ▪ Personal Guarantor must also sign closing documents and disclosures ○ All members of the entity must be considered “a natural person” ○ Final loan docs may not be signed with a POA • Up to two entities allowed (borrower/co-borrower) <ul style="list-style-type: none"> ○ Individual with > 25% ownership must sign personal guaranty • Non-profit 501 c3 – ineligible • Vesting in entity acceptable for Investment/NOO; Primary and Second Homes require an exception: <ul style="list-style-type: none"> ○ No layering of entities allowed for Primary Residences or Second Homes
<p>5.8 Guaranty</p>	<ul style="list-style-type: none"> • ORION LENDING requires all its entity borrowers to submit their loan application with a guarantor subject to the following requirements: <ul style="list-style-type: none"> ○ The guarantor must be an individual person and not an entity ○ A guarantor is required to be a significant owner (25% or greater) of the entity and is subject to the same FICO and background checks as individual borrowers <ul style="list-style-type: none"> ▪ Multiple borrowers may use combined ownership to meet the 25% requirement ○ A separate guaranty form is not required if the borrower(s) is signing the note on behalf of both the LLC as the borrower and also as an individual guarantor. Additional signature line must indicate “as guarantor.”

<p>5.9 Entity Requirements</p>	<ul style="list-style-type: none"> • Corporation or LLC <ul style="list-style-type: none"> ○ The borrower is at least 25% or majority shareholder ○ Business entity limited to 4 maximum of “owners” = members, partners, or shareholders of the entity Members ○ Members of the business entity that are NOT borrowers on the transaction do not need to sign in the capacity of an individual borrower ○ A POA may not be used when closing in an LLC or Corporation. A notarized certificate of authorization may be used. ○ Entity must be established and registered in United States • General/Limited Partnership <ul style="list-style-type: none"> ○ Additional owners may also be required to acknowledge or execute loan documents depending on language within the Partnership Agreement ○ Validation of the entity’s status through review of the following documentation: <ul style="list-style-type: none"> ▪ Annual Registration with the Secretary of State ▪ Certificate of Good Standing from the Secretary of State within 90 days of closing that reflects no issues ○ Verification of authorized agent ○ Entity must be established and registered in United States
<p>5.10 Entity Review Process</p>	<ul style="list-style-type: none"> • ORION LENDING will review entity documents to ensure the borrowing entity is duly formed with full authority to conduct real estate transactional and borrowing activity in the state of formation or proper foreign registration documents in business are being performed. Furthermore, for entities with more than 1 member, provide evidence that the individual signing on behalf of the borrowing entity has the authority to conduct real estate transactions. Confirmation of good standing status must be reviewed on state websites to ensure borrowing counterparties are current on all state taxes and fees; in the state of formation and/or state business is being performed. Any entity must be in good standing and provide proper formation. • Borrower Entity Requirements: <ul style="list-style-type: none"> ○ Allowable Entity Types: LLC, Sole Proprietorship, LP, LLP, S and C Corp, LLP ○ At least one qualifying individual with >25% interest must sign a personal guarantee • Entity documentation: <ul style="list-style-type: none"> ○ Operating Agreement/Bylaws or equivalent document based on state requirements, must include an authorization to encumber real properties and signing authority ○ Certificate of Formation/Articles of Organization ○ Certificate of Good Standing or equivalent document ○ Certificate of Foreign Qualification or other qualification to operate in the state where business is being conducted (If entity is formed in a state other than where business is being performed) ○ EIN/W9 required
<p>5.11 Permanent Resident Alien</p>	<ul style="list-style-type: none"> • Permanent Resident Aliens are individuals who permanently reside in the United States • A legible front and back copy of the borrower(s) valid Green Card

5.12 Non-permanent Resident Aliens

A Non-Permanent Resident Alien is a non-U.S. citizen authorized to live and work in the U.S. on a temporary basis. Non-Permanent Resident Alien borrowers are eligible for all products and programs

- Program Restrictions:
 - Borrowers with diplomatic immunity are ineligible
- Temporary Protected Status (TPS) associated with the borrower’s country of origin must be in effect and has not been vacated on the USCIS website (www.uscis.gov) for the following: Temporary Protected Status (TPS), other types of temporary status, temporary stay, or parole associated with the borrower’s country of origin. If the TPS or other types of temporary status, temporary stay, or parole of the country of origin have been vacated or shortened, the borrower is ineligible.
- Copies of the borrower’s passport and unexpired Visa permitting employment in the United States is required.
 - If VISA renewal is in process or delayed, provide application for extension or renewal (adjustment of status)
 - Acceptable alternative documentation to verify Visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival/Departure Record). Borrowers unable to provide evidence of lawful residency status in the U.S. are not eligible for financing
 - A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the borrower’s current employer. If the Visa expires within 3 months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower’s continued employment and continued Visa renewal sponsorship (employer on the loan application must be the same as on the unexpired Visa.
 - The borrower(s) must have a minimum of 2 years legal residency and employment
 - All parties involved in the transaction must be screened through exclusionary lists and must be cleared through OFAC's SND list
 - Borrowers from OFAC sanctioned countries are ineligible
- Eligible VISA Types include:

<ul style="list-style-type: none"> • E1, E2, E3 • G1, G2, G3, G4, G5 • H1 • H1B, H1C • H4 	<ul style="list-style-type: none"> • K1 • L1A, L1B, L2B • N • ATO 1-6 • O1, O2 	<ul style="list-style-type: none"> • R1 • V1, V2, V3 • TN1 Canadian NAFTA • TN2 Mexican NAFTA
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Section 6 – Occupancy Eligibility

<p>6.1 Primary Residence</p>	<p>A primary residence is a 1–4-unit property that the borrower(s) currently resides in (refinance) or intends to occupy (purchase) within 60 days as his or her principal residence</p> <ul style="list-style-type: none"> • Generally, borrowers may not own an additional single-family residence of equal or greater value than subject property. Significant equity (≥ 50% subject loan amount) in a departing residence should be considered in overall credit analysis and cannot be paired with an exception. Borrowers retaining their departing residence as a rental require ORION LENDING pre-approval <ul style="list-style-type: none"> ○ Loans with payoff risk may be assessed a 12-month EPO and/or subject to a pricing cap • Characteristics that may indicate that a property is used as a borrower's primary residence include: <ul style="list-style-type: none"> ○ Is occupied by the borrower for the major portion of the year ○ Is in a location relatively convenient to the borrower's principal place of employment ○ Is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing, and similar functions ○ Relocation in excess of 200 miles of self-employed borrowers with operating business is not permitted unless business is predominately run out of the home
<p>6.2 Second Homes</p>	<p>A property is considered a second home when it meets all the following requirements:</p> <ul style="list-style-type: none"> • Must be located a reasonable distance away from the borrower(s) principal residence • Must be occupied by the borrower(s) for some portion of the year • Single unit only • Must be suitable for year-round occupancy • The borrower(s) must have exclusive control over the property. • Unit may be rented up to 30 days per year. • Gift funds NOT allowed
<p>6.3 Non-Owner Occupied</p>	<ul style="list-style-type: none"> • Gift funds NOT allowed • Rural properties ineligible • A Commercial, Landlord or rental dwelling policy is required with rent loss coverage is required (6 months PITIA) unless the following is met: <ul style="list-style-type: none"> ○ 6 months' additional reserves beyond the program minimum are allowed in lieu of rent loss coverage

Section 7 – Transaction Eligibility

<p>7.1 Eligible Transactions</p>	<ul style="list-style-type: none"> • Purchase • Rate / Term • Cash-Out • Delayed Financing • CEMA • TX Cash-Out 50(a)(6) • 1031 Exchange
<p>7.2 Ineligible Transactions</p>	<ul style="list-style-type: none"> • Construction Loans (Financing to construct/rehab a home) • Land Contracts • Non-Arm’s length <ul style="list-style-type: none"> ○ Dual Compensation is allowed and not considered non-arm’s length ○ Loans originated for family members require an exception ○ Gift of Equity is allowed. See section 16.6 Gift Funds • Builders <ul style="list-style-type: none"> ○ Refinance of unsold builder inventory ○ Builder Bailout (cash out on listed homes) ○ Model leasebacks • Conversion Loans • Community down payment assistance / equity sharing • Borrower/builder refinance of construction loans or free and clear properties are ineligible unless non-owner occupied with a pre-payment penalty • Reverse 1031 exchanges
<p>7.3 Purchase</p>	<ul style="list-style-type: none"> • The lesser of the purchase price or appraised value is used to calculate LTV/CLTV • A copy of the fully executed purchase contract and all attachments and addenda should be included • Inspection reports are not required unless the appraisal suggests further investigation (e.g., termite reports) • Sale and leaseback agreements will not be permitted to exceed 60 days from closing date • Assignment of contract with finder’s fees reflected on the purchase contract are not eligible to be included in the sales price or LTV/CLTV • Flip Transactions – see section 7.12

7.4 Rate & Term Refinance

- A Rate/Term Refinance transaction is limited to the payoff of:
 - A refinance first mortgage
 - A purchase first and second mortgage (if applicable) used as purchase money
 - A closed end or HELOC mortgage that has been in place for more than 6 months and/or not having any draws greater than \$2,000 in the past 6 months
 - Withdrawal activity must be documented with a transaction history from the HELOC
 - Closing costs and prepaids
 - A court ordered buyout settlement
- No seasoning required, current appraised value may be used for LTV/CLTV
- Limited cash to the borrower must not exceed the lesser of \$2,000 or 2% of the loan amount
- Borrowers financing the payment of real estate taxes that are more than 60 days delinquent is considered cash out, per FNMA
- Refinance of a previous loan that provided cash out, as measured from the previous Note date to the new Note date, and is seasoned less than 12-months, will be qualified as a cash out refinance
- Refinances to Buy Out an Owner’s Interest
 - A court ordered transaction that requires one owner to buy out the interest of another owner (for example, as a result of a divorce settlement or dissolution of a domestic partnership) is considered a limited cash-out refinance if the secured property was jointly owned for at least 12 months preceding the disbursement date of the new mortgage loan.
 - All parties must sign a written agreement that states the terms of the property transfer and the proposed disposition of the proceeds from the refinance transaction. Except in the case of recent inheritance of the subject property, documentation must be provided to indicate that the security property was jointly owned by all parties for at least 12 months preceding the disbursement date of the new mortgage loan
 - Borrowers who acquire sole ownership of the property may not receive any of the proceeds from the refinancing. The party buying out the other party’s interest must be able to qualify for the mortgage pursuant to ORION LENDING’s underwriting guidelines

7.5 Cash Out

- A Cash-Out Refinance transaction may pay off an existing mortgage(s) with a minimum of 6 months seasoning or create a new lien if the property is owned free and clear
- The borrower must have owned the property for a minimum of 6 months prior to the note date, except for delayed financing transactions
- Seasoning is calculated from the borrower’s purchase closing date to Note date
- Delayed financing proceeds are eligible for Asset Utilization
- There is no waiting period if the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership)
- If the borrower acquired the property at any time as an award, inheritance, or other non-purchase transaction, the LTV/CLTV will be based on the current appraised value. Documentation to verify the acquisition and transfer of ownership must be provided
- Borrowers financing the payment of real estate taxes that are more than 60 days delinquent is considered cash out, per FNMA
- Refinances out of a Blanket transaction are considered Cash-out if a partial lien release is provided by existing lender
- The borrower can receive funds at closing as long as they do not exceed the program requirements
- Cash out can be used as reserves
- Texas(a)(6) transactions allowed
- Cash Out Limits:

≤ 70% LTV/CLTV	> 70% LTV/CLTV
Unlimited up to max loan amt per program	\$1,000,000

7.6 Construction to Perm

- The permanent financing of a construction loan is eligible with the following conditions:
 - If the lot was acquired 12 or more months before applying for the subject loan, the LTV/CLTV/HCLTV is based on the current appraised value of the property
 - If the lot was acquired less than 12 months before applying for the construction financing, the LTV/CLTV/HCLTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs
- A builder refinancing out of a construction loan is limited to investment only, with a minimum 2-year pre-payment penalty
- Unsold builder inventory is ineligible
- Payoffs with accrued and unpaid interest > 59 days will be considered cash out

<p>7.7 Delayed Financing Refinance</p>	<ul style="list-style-type: none"> • Delayed financing is qualified and priced as a cash out refinance • Delayed financing (on properties purchased by the borrower with cash and owned < 12 months) are permitted if the original transaction was arm’s length <ul style="list-style-type: none"> ○ Provide settlement statement from purchase confirms no financing used to acquire property ○ LTV will be calculated based on Purchase Price. No documented improvements permitted ○ Purchase funds are required to be documented <ul style="list-style-type: none"> ▪ If gift funds were used, the borrower may only finance the amount put into the transaction, excluding gift. • The LTV/CLTV will be based on the lesser of the original purchase price or current appraised value. The prior settlement statement will be required for proof of purchase price. • Delayed financing cash out proceeds are eligible for Asset Utilization • An AIR compliant purchase appraisal may be used for this refinance if within the age of documents guideline section
<p>7.8 Subordinate Financing</p>	<ul style="list-style-type: none"> • New subordinate financing (institutional) allowed for primary residence purchase transactions only • ARM subordinate financing is not allowed • Seller carried subordinate financing is ineligible • Existing subordination is permitted on refinances • All subordinate loans must be considered when calculating the Borrower’s DTI For closed end fixed rate, fully amortizing simultaneous loans, the qualifying payment is the monthly payment • If a HELOC is present the CLTV/HCLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the full amount of the HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property’s sales price or appraised value • If the subordinate financing is a HELOC secured by the subject property, monthly payments equal to the minimum payment required under the HELOC terms considering all draws on or before the closing of the subject transaction • A HELOC with zero balance does not require a minimum payment to be applied
<p>7.9 Continuity of Obligation</p>	<ul style="list-style-type: none"> • Rate/Term <ul style="list-style-type: none"> ○ At least one borrower on the new loan must be on title of the subject property at the time of the initial application <ul style="list-style-type: none"> ▪ See section 7.4 rate/term refinance for additional requirements • Cash Out <ul style="list-style-type: none"> ○ At least one borrower must have been on title to the subject property for at least six (6) months at time of the note date (except for delayed financing transactions) <ul style="list-style-type: none"> ▪ There is no waiting period if the borrower acquired the property through an inheritance or was legally awarded the property (gift, award, divorce, separation, or dissolution of a domestic partnership) <ul style="list-style-type: none"> • See section 7.5 cash out refinance for additional requirements • Continuity of Obligation is met when a borrower is at least 25% owner of an entity and is refinancing from a natural person to an entity or vice versa

<p>7.10 Properties Listed for Sale</p>	<ul style="list-style-type: none"> • Primary, Second Homes, and Investment Properties without Prepayment Penalty <ul style="list-style-type: none"> ○ Properties that have been listed for sale within the past 6 months from the loan Note date are not eligible ○ Properties listed for sale by the borrower within the last 12 months are not eligible for cash out • Investment properties with a Prepayment Penalty <ul style="list-style-type: none"> ○ Properties listed for sale by the borrower within the last 12 months are eligible for rate/term per matrix LTV limits, and for cash-out to a max LTV of 65% • LTV based on the lower of the current appraised value or the lowest listing price in the last 12 months • Properties listed for sale at application are ineligible • Online real-estate sites like Zillow, RedFin, Realtor.com, etc. will be reviewed internally to confirm listing activity as appraisal data at the time of the report cannot be solely relied upon for confirmation
<p>7.11 Lease Option to Purchase</p>	<ul style="list-style-type: none"> • Primary residence only • Borrowers may apply a portion of the rent paid to their required down payment, closing costs or minimum borrower contribution if the rent credits were agreed upon in the original Lease Purchase Agreement. • Total allowable credit for the down payment is determined by using the lower of the rent credits agreed in purchase agreement and the total amount paid by the borrower/buyer in actual rents above fair market rent for the last 12 months. • The market rent is determined by the appraiser in the appraisal report for the subject property. • Documentation Requirements <ul style="list-style-type: none"> ○ A copy of the signed and dated rental/purchase agreement evidencing a minimum original term of at least twelve (12) months, clearly stating the monthly rental amount, and specifying the terms of the lease. ○ Copies of the Borrower’s cancelled checks or money order receipts for the last 12 months evidencing the rental payments.

<p>7.12 Flip Transactions</p>	<p>Program requirements:</p> <ul style="list-style-type: none"> • Purchase transaction when the home is being resold within 180 days of seller’s purchase date (based on the day the borrower signs an initial purchase agreement) • Resale prices in excess of the following will require an exception: <ul style="list-style-type: none"> ○ >10% increase in sales price if seller acquired the property in the past 90 days ○ >20% increase in sales price if seller acquired the property in the past 91-180 days ○ Exception not required if seller acquired the property in a private sale not exposed to any multiple listing service • Current purchase transaction must be listed with a realtor on Multiple Listing Services • Bank owned REO and corporate relocations are eligible and not considered a flip transaction <p>HPML requirements:</p> <ul style="list-style-type: none"> • HPML transactions require a second appraisal if: <ul style="list-style-type: none"> ○ >10% increase in sales price if seller acquired the property in the past 90 days ○ >20% increase in sales price if seller acquired the property in the past 91-180 days ○ Regardless of how the previous sale was marketed
<p>7.13 1031 Exchange</p>	<ul style="list-style-type: none"> • Funds held by a 1031 administrator/agent are permitted for down payment and closing costs. • Allowed on investment purchases only • Reverse 1031 exchanges not allowed • Must follow Internal Revenue Code Section 1031 • Excess proceeds cannot be used to satisfy reserve requirements unless liquidated • Documented by accommodator instructions, fully executed exchange agreement at closing, and settlement statement. • NOTE: 2-4-unit properties where one of the units is occupied by the customer are not considered investment properties and therefore are not eligible.

7.14 Non-Arm's Length

- Non-Arm's length transactions involve a direct relationship outside of the subject transaction between a borrower and a party to the loan. The appraiser must be informed of the relationship and address any impact on market value
- Dual compensation is allowed and not considered non-arm's length
- The following non-arm's length transactions are eligible with proper documentation:
 - Sales or transfers between members of the same family (transaction may not be due to any adverse circumstances)
 - Renters purchasing from current landlord
 - Property seller acting as his or her own real estate agent
 - Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history)
 - Realtor cannot buy own listing as well as seller cannot buy realtor's listing
 - Borrower is a mortgage broker or loan officer, or works for submitting broker
 - Borrower is related to realtor and/or loan officer who represents them ONLY
- Non-Arm's length transactions are subject to all the following requirements:
 - Primary or second home only, investment properties are ineligible
 - Relationship letter required between buyer and seller unless confirmed in the sales contract
 - Borrower to provide a copy of the cancelled earnest money check paid to the property seller (if applicable)
 - Underwriters must be satisfied with any occupancy red flags
 - Employee loans for any third-party originators are ineligible
 - All liens on title to be paid in full and reflected on the settlement statement
 - Lesser of sales price or current appraised value to be used to calculate the LTV/CLTV
 - Borrowers cannot provide services on transaction (loan originator, closing agent, title agent, appraiser, etc.)
 - A borrower may represent themselves as the Real Estate agent on a purchase transaction
 - The commission earned must be market rate. Excess commission will be treated as interested party contribution
 - Borrower may not be an owner of a business entity selling the subject property

Section 8 – Credit Eligibility

<p>8.1 Credit Report Detail</p>	<ul style="list-style-type: none"> • A tri-merged in file credit report including scores from all three (3) repositories, Experian, Transunion, and Equifax is required <ul style="list-style-type: none"> ◦ A minimum of two scores must be reported • Credit Report maximum age is 120 days from Note date • Disputed accounts may require an LOE. An updated credit report is not required • All mortgage accounts > 1 x 30, each within 2 years of closing require a full acceptable explanation • Delinquent credit belonging to ex- spouse - can be excluded if late payments occurred after the divorce/separation, and divorce decree/separation agreement indicates derogatory accounts belong solely to the ex-spouse
<p>8.2 Credit Scores</p>	<ul style="list-style-type: none"> • All borrowers must have a mid FICO of 660 or higher <ul style="list-style-type: none"> ◦ First Time Investors – Minimum 700 FICO • Qualifying FICO: <ul style="list-style-type: none"> ◦ Full Doc, Express Doc, and Asset Utilization <ul style="list-style-type: none"> ▪ Primary income earner ◦ Bank Statement <ul style="list-style-type: none"> ▪ Use primary income earner score <ul style="list-style-type: none"> • For borrowers with 50/50 split ownership, use the higher of the two mid FICO scores • For refinance transactions, the use of the highest mid score is only eligible if that borrower meets Continuity of Obligation
<p>8.3 Credit Repair/Rescore</p>	<ul style="list-style-type: none"> • No private credit repair companies allowed • Rapid rescore of credit permitted for confirmation of pay down and/or payoff of debt and correction of reporting errors • Updated credit score permitted for qualifying
<p>8.4 Security Freeze</p>	<ul style="list-style-type: none"> • A credit freeze may remain if it is reported under one bureau only and a minimum of two scores are present. More than one frozen bureau requires the freeze to be lifted by the borrower and a new report provided.
<p>8.5 Credit Counseling</p>	<ul style="list-style-type: none"> • Borrowers currently enrolled in credit counseling or debt management plans are not permitted

<p>8.6 Credit Events</p>	<ul style="list-style-type: none"> • No housing event permitted on any real estate within 4 years <ul style="list-style-type: none"> ◦ Housing Event = Foreclosure, Short Sale, Deed in Lieu, Default Modification, Notice of Default, Single Bankruptcy or 120+ Delinquent • Housing event affecting both a first and second on same property is considered one event • Events include all occupancy types – Primary, 2nd Home & Investment Properties • Seasoning is from the date of discharge or property resolution (completion date), as of the note date on the new loan • Modification look back commences at inception • Foreclosures included in bankruptcy permitted based on BK discharge date if the borrower has vacated the property • Timeshares with delinquencies are treated as installment loans, and not as a housing/credit event • LOE required for any recent credit events less than 4 years • Multiple credit events within the four-year lookback period are not permitted. Multiple credit events greater than 4 years are eligible, however no exceptions will be granted. Multiple Bankruptcies, regardless of seasoning, are ineligible. A borrower who holds title only to a property that has a credit event is considered the borrower’s credit event and subject to the guidelines above
<p>8.7 Bankruptcy</p>	<ul style="list-style-type: none"> • 4 years seasoning at time of application date • Bankruptcy seasoning including Chapter 7, 11, and Chapter 13 based on discharge or dismissal date • BK must have been dismissed or discharged prior to application • Cash out cannot be used to settle; BK must have been settled prior to application • Multiple BK filings, regardless of seasoning, are not eligible (an amended filing is not considered multiple filings) • LOE required for any recent credit events less than 4 years
<p>8.8 Adverse Credit</p>	<ul style="list-style-type: none"> • All Judgments and liens affecting title must be paid • Non-title charge-offs and collections open < 2 years and exceeding \$10,000 (individually or aggregate) must be paid • Medical collections less than \$10,000 are not required to be paid • IRS tax payment plans approved by the IRS are permitted if current and do not carry a lien on any property <ul style="list-style-type: none"> ◦ Delinquent Federal or State tax liens must be paid prior to application date

**8.9 Mortgage /
Housing History**

- Only one borrower needs to meet housing history requirement
 - All borrowers must be current on mortgage, property taxes, HOA or rent at loan application
 - 0 X 30 X 12
 - 1 X 30 X 12 allowed with LLPA
 - If there is a Credit Event seasoned less than 4 years, the borrower must have 0x30x12 evidenced in the most recent 12 months
 - All borrowers must be current on mortgage or rent at loan application
 - Property tax liens and delinquent HOA dues at application will require a pre-approval
 - Mortgage ratings on rental property are required if income is being used to qualify
 - Other REO VOM's are not required if not on credit (no private VOMs are required unless using income to qualify)
 - Although not required, if appearing on credit report, housing delinquencies can't be ignored and must satisfy the 12-month lookback rules above
 - All refinances require pay history on subject property
 - Open and active mortgage(s) reporting on initial credit for a minimum 12 months satisfies housing history requirements
 - If no open and active mortgages are reporting on the initial credit report, it will require review for an exception; except in the following circumstances:
 - The borrower owns a property free and clear and provides evidence that property taxes are paid current
 - The initial credit report shows a minimum of 12 months of previous mortgage history, active within the last 12 months
 - A private VOM and 12 months of bank statements, cancelled checks, or bank debits are provided
 - Borrower lives rent free from spouse or has title-only ownership and provides an institutional* VOM or 12 months of bank statements, cancelled checks, or bank debits
 - 12 months proof of payment via cancelled checks, bank debits (highlighted on statements) or institutional* VOR/VOM can be used to satisfy housing history. Carbon copies or handwritten rent receipts are not acceptable as bank records
 - Credit supplements completed by an institution are acceptable; Private lien holders/landlords are ineligible
- *Note: Institutional lenders are regulated financial institutions or qualified investors that participate on a large scale (sponsors, banks, qualified purchasers, qualified institutional buyers/QIBs, institutional investors). Private Party lenders include hard money lenders, private lenders, natural persons, single member LLC's or property managers.
- A borrower who sold a home and is temporarily staying rent free until the purchase of a new home is not considered an incomplete housing history. Must document most recent 12-month history prior to the sale of departing residence

<p>8.10 Minimum Tradeline Requirements</p>	<ul style="list-style-type: none"> • If the primary income earner has three credit scores, the minimum tradeline requirement is waived for all borrowers <ul style="list-style-type: none"> ○ If borrowers have equal income, i.e. bank statement loans, the borrower with the highest FICO must fulfill the three-credit score requirement • If the Primary Borrower does not have three credit scores, the following must be met: <ul style="list-style-type: none"> ○ Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months ○ Tradeline may be opened or closed ○ Eligible tradelines cannot have any derogatory history in the previous 24 months ○ Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks, debits) ○ No authorized user accounts will be used to satisfy minimum tradelines ○ Non-traditional credit is not allowed as an eligible tradeline
<p>8.11 30-Day Accounts</p>	<ul style="list-style-type: none"> • 30-day accounts (AmEx) should be qualified using the full monthly payment or 5% for monthly accounts unless borrower documents balance can be covered by excess reserves
<p>8.12 Alimony Payments</p>	<ul style="list-style-type: none"> • Final Divorce decree or legal separation agreement required. It must be finalized, accepted by the court, and seasoned 3 months to note date • The monthly alimony obligation can be deducted from the consumer’s gross income when calculating qualifying ratios
<p>8.13 Authorized User Accounts</p>	<ul style="list-style-type: none"> • Authorized user accounts may be excluded from DTI
<p>8.14 Business Debt</p>	<ul style="list-style-type: none"> • Excludable if can be tied to business related activities (i.e. – vehicle, residential mortgage debt) and 6 months (0x30) proof that business pays. Expense must be evident on business financials <ul style="list-style-type: none"> ○ Bank statements program – Provide proof via bank statements or cancelled checks ○ All other Doc Types – Provide proof business pays either on bank statements or with cancelled checks, and expense must be evident on business financial documents
<p>8.15 Contingent Liabilities</p>	<ul style="list-style-type: none"> • Non-mortgage contingent liabilities can be excluded from the DTI if the borrower provides evidence that their business or another individual/entity has made payments for 6 months (0x30) • When a borrower is obligated on a mortgage debt, but is not the party who is repaying the debt, the debt may be excluded from the DTI if the following requirements are met: <ul style="list-style-type: none"> ○ the party making the payments is obligated on the mortgage debt, ○ there are no delinquencies in the most recent 12 months (0 x 30 x 12), and ○ the borrower is not using rental income from the applicable property to qualify • Any liability related to separation or divorce can be omitted if ordered by family court. Documentation from the court is required

<p>8.16 Leases</p>	<ul style="list-style-type: none"> • Vehicle lease payments must be included in DTI, regardless of the number of payments remaining • Turning in a vehicle early to exclude the payment from the DTI is not allowed
<p>8.17 Student Loan</p>	<ul style="list-style-type: none"> • Student loans that are deferred beyond 12 months may be excluded from DTI calculation. Student loans that are deferred < 12 months or in repayment status must be included in the DTI calculation • Loans in repayment - If a payment amount is not identified, .5% of the current loan balance may be utilized • Affordability based payments may be used
<p>8.18 Departing Residence</p>	<ul style="list-style-type: none"> • Departing residence positive rental income cannot be used as qualifying income. Departing residence PITIA can be offset by 75% of projected net rental income. • Departing residence rental that produces a loss must be included in DTI • Document rents received via current lease and initial deposit, or if not available, market rent survey may be used (free online source permitted) • Generally, borrowers may not own an additional single-family residence of equal or greater value than the new subject property • Significant equity in a departing residence (\geq 50% subject loan amount) should be considered in overall credit analysis and cannot be paired with an exception. • Borrowers with no investment properties retaining their departing residence as a rental require preapproval <ul style="list-style-type: none"> ◦ Loans with payoff risk may be assessed 12-month EPO and/or subject to lock price cap at the discretion of ORION LENDING • Departing residence obligation can be excluded if the property is under contract and meets the following: <ul style="list-style-type: none"> ◦ A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared/satisfied. The departure transaction must be close within 30 days of the subject transaction. The pending sale transaction must be arm's length ◦ No appraisal required for departure residence. The borrower must net a positive number from the sale of the property, or assets must be documented to cover any funds the borrower may have to bring to closing on the sale of the departure residence
<p>8.19 Payoff / Pay Down Debt to Qualify</p>	<ul style="list-style-type: none"> • Installment and revolving debt paid at closing may be excluded from the debt-to-income ratio with: <ul style="list-style-type: none"> ◦ A credit supplement OR ◦ Verification from the creditor that liability is paid in full or evidence of payoff on Closing Disclosure • Cash out proceeds may be used to pay off or pay down debt to qualify at closing • Installment loans may be paid down to less than 10 payments to exclude payment

<p>8.20 HELOC</p>	<ul style="list-style-type: none"> ORION LENDING requires the total line limit amount to be included in the HCLTV.
<p>8.21 Forbearance or Deferral</p>	<ul style="list-style-type: none"> Borrowers with a natural disaster or non-financial hardship related forbearance or deferral on primary or subject property must have completed the program and made at least two months' payments for a Purchase or Rate/Term Refinance and 6 months payments for a Cash-out Refinance Documentation from the servicer, credit bureau or other documentation of the completion is required. The deferred balance may be paid off with the subject property refinance. Primary home in forbearance is ineligible even if subject property is non-owner occupied. Other Real Estate owned limited to 1 property in forbearance is eligible
<p>8.22 Balloon Payment Past Due</p>	<ul style="list-style-type: none"> A past due balloon payment is treated as a delinquency (1 x 30) and not a housing event, but only within 180 days of maturity. Transaction histories showing payments made and applied on time are considered to have been extended and not considered delinquent.

Section 9 – Income Documentation – Full Doc

<p>9.1 Wage Earner</p>	<p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Wage Earner: Most recent YTD paystub (YTD must cover minimum of 30 days) or Electronic WVOE (i.e., The Work Number) is acceptable • Two years W2's <ul style="list-style-type: none"> ○ W2 transcripts required <ul style="list-style-type: none"> ▪ Lender obtained tax transcripts in lieu of providing W-2 are eligible • Written VOE required, if needed for the analysis of overtime, bonus, or commission • IRS 1040s are not required unless also using other sources of income to qualify i.e., interest dividends, capital gains, etc.
<p>9.2 1099 Borrowers</p>	<p>To qualify for 1099 income documentation, the Borrower(s) earnings must be 100% commission from one or several companies and in a profession that requires low overhead, i.e., laborers, independent contractors, commission employees, consultants, etc. Professions that require vehicle maintenance/repairs, office space, etc., must qualify using traditional income documentation or bank statements</p> <p>Minimum history of Self-Employment:</p> <p>Income from self-employment is considered stable and effective if the borrower has been self-employed for two or more years. Less than 2 years of self-employment history can be considered with documentation of a minimum of two years' employment history in the same line of work or a related profession. Less than one year may not be considered as effective income. 1099's must be issued to the individual borrower (If the borrower is an entity being used to qualify, the 1099 must reflect the entity as the payer and the guarantor as the recipient). Borrower must have 100% ownership of the entity for the period of the 1099 being reviewed</p> <ul style="list-style-type: none"> • 1 or 2 years of 1099s permitted <ul style="list-style-type: none"> ○ Qualifying income based on a 12 or 24 monthly average • Business Expense calculation method <ul style="list-style-type: none"> ○ 10% Expense Factor – 90% of gross 1099 earnings ○ Expense factor should be reasonable for the profession. Only borrowers with no office space, employees, cost of goods, etc. are eligible for 1099 doc type • YTD earnings must be documented to support ongoing receipt of income reflected on 1099s <ul style="list-style-type: none"> ○ Checks or a single check stub(s) with YTD totals or; ○ Most recent 3 months Bank statements or; ○ YTD earnings statements from the 1099 Business • YTD earnings from deposits must be at least 80% of qualifying income <ul style="list-style-type: none"> ○ Earnings impacted by seasonality may be considered with documented compensating factors • YTD earnings may be averaged with validated 1099(s) with a 25% maximum increase • Borrowers paid by through multiple 1099's are considered self-employed and are qualified using 12 or 24 months bank statements • A signed copy of form 4506-C or 8821 must be provided

9.3 Self-Employed Borrowers

A borrower is considered self-employed if their ownership percentage is \geq 25%. Borrowers with cumulative ownership \geq 25 are eligible

- Income from self-employment is considered stable and effective if the borrower has been self-employed for two or more years. Less than 2 years of self-employment history can be considered with documentation of a minimum of two years' employment history in the same line of work or a related profession. Less than one year may not be considered as effective income.
- 1099's must be issued to the individual borrower (If the borrower is an entity being used to qualify, the 1099 must reflect the entity as the payer and the guarantor as the recipient). Borrower must have 100% ownership of the entity for the period of the 1099 being reviewed

Documentation Requirements:

- Ownership percentage must be documented via licensed tax preparer letter, Operating Agreement, or equivalent
 - CPA must be an independent 3rd party and have no relationship to the borrower
 - Letter must not contain qualifying language
 - See - Tax Professional Attestation Form
- Two years of personal & business tax returns (along with all schedules and K-1's)
- Tax transcripts 4506-C/8821 required
- A year-to-date P & L is required if the application is dated more than 120 days after the end of the business tax year
- If a gap exists between the most recent tax return ending date and the start date of the YTD P & L, a gap-year P & L is also required. The qualifying income is determined from the tax returns, the P & L is used to determine the stability of that income
 - If tax returns for the most recent year are not available, and a 12-month P & L is being used, the following is required:
 - Bank statements for the two most recent months must reflect deposits that support the sales from the P & L and the qualifying income from the prior year's tax returns
- Borrowers recently transitioned from W2 to 1099 and contracted by the same employer in the same position do not require 2 years 1099s if the employer provides documentation the borrower will not be responsible for additional expenses, i.e., contract
- Borrowers who remained in the same industry but transitioned from W2 to 1099 with a different company must be in current position for at least 1 year
- Net operating losses may be excluded when evidenced on business returns
- A Company name change, or re-organization is considered continuous if within the last 2 years or a restructuring occurred (i.e., from sole proprietor to LLC, S-Corp, etc.)
- Self-employed paying themselves W-2 or K-1
 - Self-employed borrowers (> 25% ownership) paying themselves by W-2s or K-1s are acceptable. However, the income analysis should not be based on K-1 or W2 Wages. The analysis should be on the business entity, and the net income multiplied by the borrower's ownership % should be used to qualify.
- Declining income – Self-employed
 - Declining income over the last 2 years may be considered for qualifying with a signed letter of explanation from the borrower. Lower of the 2 years would then be used to qualify unless the income has stabilized over the most recent 6 months

<p>9.4 Rental Income</p>	<ul style="list-style-type: none"> • See Departing Residence section 8.17 • Negative rental income can be deducted from income rather than considered a liability (except departing residences and subject properties) • Borrower may provide leases and proof of rent in lieu of tax returns • 6 months’ rent loss insurance required <p>Purchase Rental Income Calculation:</p> <ul style="list-style-type: none"> • Calculated at 75% of the market rent less PITIA <p>Refinance Rental Income Calculation:</p> <ul style="list-style-type: none"> • Two (2) years tax returns required <ul style="list-style-type: none"> ○ Use FNMA Schedule E calculation • Not reported on tax returns due to acquisition since last filing or documented rehab; <ul style="list-style-type: none"> ○ Document rents received via current lease (must be at or below market rents as evidence by internet rental searches) ○ Proof of receipt of the most recent month’s rent ○ Lesser of lease or market rent must be reduced by a vacancy/expense factor of 25%
<p>9.5 Employment and Income Documentation</p>	<p>See Section 15</p>
<p>Section 10 – Income Documentation – Express Doc – 1 yr. Income Documentation</p>	
<p>10.1 Wage Earner</p>	<p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Wage Earner: Most recent YTD paystub (YTD figures must cover minimum of 30 days) or Electronic WVOE (i.e., The Work Number) is acceptable <ul style="list-style-type: none"> ○ Written VOE if needed for the analysis of overtime, bonus or commission • A signed form 4506-C or 8821 is required • One-year W2 <ul style="list-style-type: none"> ○ Tax transcripts in lieu of providing W-2 are eligible ○ Tax transcripts required for the qualifying income year only • Borrower must have a minimum of two years’ employment, with one year of income documented • IRS 1040s are not required unless the borrower is also using other sources of income to qualify, i.e., interest dividends, capitals gains, etc.

10.2 1099 Borrowers

To qualify for 1099 income documentation, the Borrower(s) earnings must be 100% commission from one or several companies and in a profession that requires low overhead, i.e., laborers, independent contractors, commission employees, consultants, etc. Professions that require vehicle maintenance/repairs, office space, etc., must qualify using traditional income documentation or bank statements

Minimum history of Self-Employment:

- Income from self-employment is considered stable and effective if the borrower has been self-employed for two or more years
 - 1099's must be issued to the individual borrower (If the borrower is an entity being used to qualify
 - 1099 must reflect the entity as the payer and the guarantor as the recipient)
 - Borrower must have 100% ownership of the entity for the period of the 1099 being reviewed
- 1 or 2 years of 1099s permitted
 - Qualifying income based on a 12 or 24 monthly average
 - Less than 2 years of self-employment history can be considered with documentation of a minimum of two years employment history in the same line of work or a related profession
 - Less than one year may not be considered as effective income.
- Business Expense calculation method
 - 10% Expense Factor – 90% of gross 1099 earnings
 - Expense ratio should be reasonable for the profession.
 - Only borrowers with no office space, employees, cost of goods, etc. are eligible for 1099 doc type
 - Rideshare drivers like Uber, Lyft, and the like are ineligible for 1099 program
- YTD earnings must be documented to support ongoing receipt of income reflected on 1099s
 - Checks or a single check stub(s) with YTD totals or;
 - 3 months Bank statements or;
 - YTD earnings statements from the 1099 Business
- YTD earnings from deposits must be at least 80% of qualifying income
 - Earning impacted by seasonality may be considered with documented compensating factors
- YTD earnings may be averaged with validated 1099(s) with a 25% maximum increase
- Borrowers paid by multiple 1099s are considered Self Employed and are qualified using 12- or 24-months bank statements

<p>10.3 Self-Employed Borrowers</p>	<p>A borrower is considered self-employed if their ownership percentage is $\geq 25\%$</p> <p>Income from self-employment is considered stable and effective if the borrower has been self-employed for two or more years. Less than 2 years of self-employment history can be considered with documentation of a minimum of two years' employment history in the same line of work or a related profession. Less than one year may not be considered as effective income</p> <p>1099's must be issued to the individual borrower (If the borrower is an entity being used to qualify, the 1099 must reflect the entity as the payer and the guarantor as the recipient). Borrower must have 100% ownership of the entity for the period of the 1099 being reviewed</p> <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Ownership percentage must be documented via licensed tax preparer letter, Operating Agreement, or equivalent <ul style="list-style-type: none"> ○ CPA must be an independent 3rd party and have no relationship to the borrower ○ Letter must not contain qualifying language ○ See - Tax Professional Attestation Form • One year's personal & business tax returns with YTD P & L (along with all schedules and K-1's) <ul style="list-style-type: none"> ○ A year-to-date P&L is required if the application is dated more than 120 days after the end of the business's tax year • If a gap exists between the tax return ending date and the start date of the YTD P&L, a gap-year P&L is also required. The qualifying income is determined from the tax returns; the P&L is used to determine the stability of that income. The bank statements for the two most recent months must reflect deposits that support the sales from the P&L and the qualifying income from the priors' years tax returns • Self-employed borrower income in a licensed profession (i.e., Medical, Legal, Accounting) will be considered from a business that's been in existence for less than 2 years, but greater than 1 year if the borrower has at least 2 years of documented previous experience in the same profession, or evidence of formal education in a related field. • Borrowers who remained in the same industry but transitioned from W2 to 1099 with multiple companies must be in current position for at least 1 year and filed most recent tax returns • Income from 1040s (interest, dividends, capital gains, etc.) not permitted • Net operating losses may be excluded when evidence on business returns <p>A Company name change or re-organization within the last 2 years is considered continuous with supporting documentation and no change in ownership (i.e. from sole proprietor to LLC, S-Corp, etc.)</p>
<p>10.4 Rental Income Calculation</p>	<ul style="list-style-type: none"> • See section 8.17 Departing Residence for additional details • Negative rental income can be deducted from income rather than considered a liability (except departing residences and subject properties) • Borrower may provide leases and proof of rent in lieu of tax returns • 6 months' rent loss insurance required <p>Purchase Rental Income Calculation:</p> <ul style="list-style-type: none"> • Calculated at 75% of the market rent less PITIA <p>Refinance Rental Income Calculation:</p> <ul style="list-style-type: none"> • One (1) year tax return required <ul style="list-style-type: none"> ○ Use FNMA Schedule E calculation • Not reported on tax returns due to acquisition since last filing or documented rehab; <ul style="list-style-type: none"> ○ Document rents received via current lease (must be at or below market rents as evidence by internet rental searches) ○ Proof of receipt of the most recent month's rent ○ Lesser of lease or market rent must be reduced by a vacancy/expense factor of 25%

<p>10.5 Employment and Income Documentation</p>	<p>See Section 16</p>
<p>Section 11 – Income Documentation – Bank Statements</p>	
<p>11.1 Documentation Requirements (S/E Borrower)</p>	<p>The bank statement program is designed for active, U.S. based operating businesses. Passive income from crowdfunding, real estate investors (with fewer than 5 residential units), venture capitalists, asset speculation, day trading and the like are considered ineligible forms of business bank statement income</p> <p>Real Estate Investors with fewer than 5 residential units are eligible under Full Doc. See section 11.2 for requirements</p> <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • 12 months personal or business bank statements from a regulated U.S. financial institution (FinTech statements are ineligible unless used for reserves) <ul style="list-style-type: none"> ○ Bank statements should be most recent available at time of application but never more than 45 days prior to application. ○ Transaction history printouts are not acceptable. ○ Multiple bank accounts may be used. If using more than-5 separate business accounts, loan must be qualified using personal bank statements ○ Most recent 3 months deposits should generally not represent the majority of the annual income • Business Narrative <ul style="list-style-type: none"> ○ The borrower must provide a business narrative which includes details related to the size/scope and operating profile of the business, including the following: <ul style="list-style-type: none"> ▪ Description of Business/Business Profile ▪ Locations ▪ Number of Employees/Contractors ▪ Description of Goods/Materials ▪ Materials/Trucks/Equipment ▪ Commercial or Retail client base ○ An internet search of the business is required to support the business narrative <ul style="list-style-type: none"> ▪ Borrower to provide explanation of how business is generated when internet search is unsuccessful <ul style="list-style-type: none"> • Underwriter certification or notation on the 1008 required
<p>11.2 Documentation Requirements (R/E Investor)</p>	<p>Real Estate Investors with a maximum of 4 rental properties may qualify using the Bank Statement program. Requirements below:</p> <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Current Annual lease(s) on the REO (must be at or below market rents as evidenced by internet rental searches) <ul style="list-style-type: none"> ○ If the lease(s) is/are in the name of an entity, the income may be considered if the borrower is the sole owner of the entity • Proof of receipt of the most recent, current month’s rent • Calculate income of loss based on 85% of the lease less the documented PITIA

<p>11.3 Documentation Analysis</p>	<ul style="list-style-type: none"> • Large deposits, defined as greater than 50% of the average monthly deposits in bank accounts being used to qualify, require a letter of explanation or evidence they are business related <ul style="list-style-type: none"> ○ Example: <ul style="list-style-type: none"> ▪ Total Included Deposits from 12 months bank statements - \$900,000 ▪ 12-month average of total included deposits - $\\$900,000/12 = \\$75,000$ ▪ 50% of the 12-month average of deposits - \$37,500 ▪ Any deposit greater than \$37,500 would require an LOE or evidence they were business related • Declining income over the last 2 years may be utilized for qualifying with signed letter of explanation from the borrower. Lower of the 2 years would then be used to qualify unless the income has stabilized over the most recent 6 months • NSF/Overdrafts should be covered with deposits shortly after they are incurred – No more than 5 NSFs in the most recent 12 months allowed • Bank statements from a Third-party asset vendor participating in the Fannie Mae Day 1 Certainty® process may be used • IOLTA accounts or similar trust holding accounts are ineligible • Tax Preparer letters prepared by PTINs are ineligible for all programs except for documenting percentage of ownership only. The letter must include attestation regarding what documentation was reviewed to determine percentage of ownership
<p>11.4 Business Requirements</p>	<ul style="list-style-type: none"> • Validation of a minimum of 2 years existence of the business from one of the following: Business License, Letter from Tax Professional, Secretary of State Filing or equivalent <ul style="list-style-type: none"> ○ Less than 2 years of self-employment history can be considered with documentation of a minimum of two years’ employment history in the same line of work or a related profession. Less than one year may not be considered as effective income • Ownership percentage of borrower(s) must not be less than 25% for business bank statements and 20% for personal bank statements. Ownership must be documented via licensed tax preparer letter (without qualifying language), Operating Agreement, or equivalent <ul style="list-style-type: none"> ○ See - Tax Professional Attestation Form ○ CPA must be an independent 3rd party and have no relationship to the borrower • A company name changes or re-organization is considered continuous if within last 2 years or restructure (i.e. from sole proprietor to LLC, S-Corp, etc.) • Any change of ownership percentage must be seasoned at least 12 months • Borrowers paid by multiple 1099s are considered Self-Employed and are qualified per the requirements below: <ul style="list-style-type: none"> ○ 1099’s plus 12 months bank statements to support receipt of the income ○ The business narrative and appropriate expense factor will be applied

<p>11.5 Personal Bank Statements</p>	<p>PERSONAL BANK STATEMENTS</p>	
	<p>Option 1 – Personal Bank Statements with Evidence of Business Bank Account</p>	<p>Option 2 – Personal Bank Statements with No Business Bank Account</p>
<ul style="list-style-type: none"> 100% of business deposits in a personal bank account can be used. Provide most recent 2 months business statements to validate deposits are from the borrower owned business bank account (Only giving credit for transfers from the business; or receipt of payroll from business and distributions only) Minimum 20% ownership 	<ul style="list-style-type: none"> Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor (20% Service Business, 50% non-service business) applied. See calculation methods, section 14.01, for detail on expense ratios Deposits from the self-employment business only, will be included in the bank statement calculation A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability Minimum 25% ownership 	
<p>Qualifying Income: Qualifying is total eligible deposits divided by 12 months (Personal bank statement average (total eligible deposits / 12 months))</p>		
<p>11.6 Personal Bank Statements Joint Accounts</p>	<ul style="list-style-type: none"> A joint personal account with a non-borrowing spouse or domestic partner can be used for qualifying as follows: <ul style="list-style-type: none"> If not contributing income/deposits, it must be validated by a borrower affidavit If contributing income/deposits, source must be clearly identified (direct deposit, SSI, trust income) and amounts must be subtracted from the analysis Relationship letter must be present in file 	

11.7 Business Bank Statements

- Transfers from other bank accounts into the business bank accounts will require conclusive evidence that the source of transfer is business-related income
- Borrowers who are using more than 5 separate bank accounts must qualify using personal bank statements
- Customary business debt such as auto or a business credit card may be excluded from the DTI when evidenced of 6 months payments made from the business statements. Mortgage debt may not be excluded from DTI when paid by the business
- Nonprofit entities are ineligible
- Qualification (must use one of the following two options):
 - The expense ratio should be reasonable for the profession - for all qualifying methods
 - Example: A home-based sole practitioner consultant can be expected to have a lower expense ratio, while a retail business that has a full staff of employees, fleet of vehicles, and relies heavily on inventory to generate income will have a higher expense ratio. To the extent that ORION LENDING has evidence or other reason to believe that the reasonable expense ratio for a business is higher than the Fixed Expense Ratio methodology, ORION LENDING may determine, in its sole discretion, may require the borrower to follow Option 2
- ORION LENDING reserves the right to request additional information, including 1040, 1120, and 1065 tax documentation
 - The expense ratio should be consistent with the revenue and expenses in the business bank statements
 - Businesses that have significant pass-through revenues, such as retail businesses that perform check cashing services or sell lottery tickets, or investment firms that receive outside investment capital, are not eligible

BUSINESS BANK STATEMENTS	
Option 1 – Fixed Expense Ratio	Option 2 – Third Party Provided Expense Ratio
To determine net income, multiply eligible business deposits by the Expense Ratio determined below	
<p><u>All businesses can qualify using a 50% expense ratio:</u></p> <p>Option 1: 50% Expense Factor will be used if the following applies:</p> <ul style="list-style-type: none"> • Verify the borrower is a minimum 25% owner of business • Decreasing or negative ending balances must be addressed • Cyclical and seasonal trends may be taken into consideration <p>Option 2: 30% Expense Factor applies:</p> <p>Eligible for small service businesses (Consulting, Accounting, Legal, Therapy, Financial Planning, Insurance, etc.)</p> <ul style="list-style-type: none"> • Any Retail, Wholesale or non-office services (e.g. landscaping, contractor) are ineligible) • No more than 5 employees • May have a small office space with rent not exceeding 15% of gross income <p>Option3: 20% Expense Factor applies:</p> <ul style="list-style-type: none"> • Max LTV 85% • Borrower is a sole owner and operator of the business <ul style="list-style-type: none"> ◦ No partners, employees, etc. • Service Business <ul style="list-style-type: none"> ◦ No cost of goods, no heavy equipment or machinery, etc. • Does not require office space that would incur rent 	<p style="text-align: center;"><u>(CPA/Tax Attorney/Enrolled Agent/CTEC)</u></p> <ul style="list-style-type: none"> • Purchase & Rate/Term <ul style="list-style-type: none"> ◦ Max LTV 80% • Cash Out <ul style="list-style-type: none"> ◦ Max LTV 75% • 10% Floor – Must be reasonable for the industry • Tax Professional license must be verified • To determine net income, multiply eligible business deposits by the following: 100% minus the Expense Ratio as described above • Businesses such as Real Estate Investors, Construction, Restaurants/Food Services, Lenders, Retail, Merchandise, or Grocery Stores are ineligible for 3rd party expense ratio and no less than 50% expense factor applied

11.8 Calculation Methods

Fixed Expense Factor Table			
Factor %	Business Type	LTV Requirement	S/E requirement & business structure
50%	ALL Businesses	no restrictions	<ul style="list-style-type: none"> Must have 25% ownership or more Decreasing or negative ending balances must be addressed Cyclical or seasonal trends will be considered
30%	Small Service Business < 5 Employees (consulting, accounting, legal)	no restrictions	<ul style="list-style-type: none"> Retail, wholesale or non-office services (i.e. landscaping) are ineligible May have a small office space with rent not exceeding 15% of gross income
20%	Sole Owner, no partners or employees	no restrictions	<ul style="list-style-type: none"> Service business with no cost of goods, equipment, etc. No office space/office rent
3rd Party Provided % (CPA, Tax Atty, EA, CTEC)	<p>All Businesses except for the industries listed below:</p> <p>Ineligible Businesses for 3rd Party Expense Factor:</p> <ul style="list-style-type: none"> Real Estate Investors Construction Restaurants/Food Services Lenders Retail Merchandise or Grocery Stores Must use 50% fixed expense factor 	Max 80%	<ul style="list-style-type: none"> Max Cash Out 75% 10% minimum required/floor Tax professional license must be verified see section 11.9 for tax preparer letter requirements

* Decreasing or negative ending balances must be addressed

<p>11.9 Tax Preparer Letter Requirements</p>	<ul style="list-style-type: none"> • Attestation that CPA/Tax Attorney/EA/CTEC filed most recent business tax returns, audited the business financial statements, OR reviewed working papers provided by the borrower • Attestation to the business expenses as a percentage of the gross revenue – 10% floor <ul style="list-style-type: none"> ○ Must be reasonable for the industry • Attestation certifying that the Expense Ratio represents an accurate summary of the applicable cash expenses of the business • Attestation verifying the borrower’s ownership percentage • Letter must be on letterhead, wet signed, and originate from the CPA office, DocuSign not allowed <ul style="list-style-type: none"> ○ Click here for Tax Professional Attestation Form ○ CPA must be an independent 3rd party and have no relationship to the borrower • Letter may not contain qualifying language • Self-employed borrowers who file their own tax returns are not eligible • PTINs are ineligible except for documenting the percentage of ownership only. The letter must include attestation regarding what documentation was reviewed to determine percentage of ownership • Click here for Tax Professional Attestation Form
<p>11.10 Supplemental Income Sources</p>	<p>See Section 14</p>
<p>Section 12 – Income Documentation – 12/24 Month CPA/EA/CTEC Profit and Loss</p>	
<p>12.1 Program Restrictions</p>	<ul style="list-style-type: none"> • Minimum 680 FICO • Primary Residence only • Must be a U.S. based business • \$2,000,000 Maximum Loan Amount • Max LTVs: 80% Purchase / 75% Rate & Term / 70% Cash Out • Self-Employed borrowers only <ul style="list-style-type: none"> ○ Passive income from crowdfunding, real estate investors (with fewer than 10 residential units), venture capitalists, asset speculation, day trading and the like are considered ineligible forms of P & L income

<p>12.2 Documentation Requirements</p>	<ul style="list-style-type: none"> • Self-Employed defined as borrower(s) owning ≥ 50% ownership of respective business <ul style="list-style-type: none"> ○ Ownership percentage must be documented via CPA/EA/CTEC letter, Operating Agreement or equivalent ○ P & Ls with expenses representing < 15% of total revenue are ineligible. Expense factor must be reasonable for the industry • Most recent 12- or 24-month Profit & Loss statement (P & L). P & L end date must be less than 90 days old at closing <ul style="list-style-type: none"> • If Profit & Loss is less than a full 24 months, loan will be priced as a 12-month P & L loan • All Profit & Loss statements must be completed by an independent CPA/EA/CTEC • The CPA/EA prepared P & L must be wet signed by both the borrower and CPA/EA/CTEC <ul style="list-style-type: none"> ○ The CPA/EA/CTEC preparing the P & L must have filed the borrower’s most recent business tax return ○ CPA/EA/CTEC must provide attestation that they prepared borrower’s business tax returns and that they are not related to the borrower or associated with borrower or borrower’s business. <ul style="list-style-type: none"> ▪ If the tax professional has not filed their most recent business tax return, the following must be provided: <ul style="list-style-type: none"> • Business bank statements for the most recent two months reflected on the P & L <ul style="list-style-type: none"> ○ Bank statement deposits must support 80% of the monthly average revenue from the P & L. If the most recent 2 months of the bank statements do not support 80% of the gross revenue, continuous bank statements may be added to the analysis until the tolerance is met • The CPA/EA/CTEC must attest that they have performed either the following functions: <ul style="list-style-type: none"> ○ Audited the business financial statements, or ○ Reviewed working papers provided by the borrower. The CPA/EA/CTEC must also attest that, based on this review, they certify that the P & L represents an accurate summary of the business cash flow and applicable cash expenses ○ See - Tax Professional Attestation Form • Non-cash expenses on the P & L can be added back (i.e., depreciation, amortization, wages paid to borrower(s), etc.) • CPA/EA/CTEC license must be verified (PTINs ineligible) • Attestation may not contain qualifying language • Self-employed borrowers who file their own tax returns are not eligible • Minimum of 2 years self-employment in the current profession <ul style="list-style-type: none"> ○ Validation of a minimum of 2 years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent • Borrower narrative on nature of business required (Day Trading / Asset Speculation not allowed) • An internet search of the business is required with documentation to be included in the credit file to support existence of the business • Employment verification documentation must be consistent with information on the loan application and borrower’s credit report • May only be used as a supplemental source of income if business can be validated via third-party records limited to government and regulatory filings, tax and financial documents, commercial and credit data providers, industry and trade associations, public records and legal filings. A CPA attestation alone is not sufficient.
<p>12.3 Supplemental Income Sources</p>	<p>See Section 14</p>

Section 13 – Asset Utilization

<p>13.1 Program Description</p>	<ul style="list-style-type: none"> The utilization of financial assets will be considered as borrower income to qualify for their monthly payments. The unrestricted liquid assets can be comprised of stocks/bonds/mutual funds, vested amount of retirement accounts and bank accounts Can be combined with all other Titan Flex documentation types or sources of income <ul style="list-style-type: none"> Must meet requirements listed for the Documentation Type or additional sources of income Loan pricing is based on the worst-case documentation type See section 13.2, for list of ineligible assets If assets are moved from a restricted account to a non-restricted account, assets remain ineligible until they are seasoned in the non-restricted account for 4 months All account holders must be borrowers on the loan
<p>13.2 Ineligible Assets</p>	<ul style="list-style-type: none"> 529 Accounts Accounts pledged as collateral on another loan (even if zero balance and/or undrawn) Assets titled in an irrevocable trust Below investment grade corporate and municipal bonds Business Funds Cash out refinance proceeds <ul style="list-style-type: none"> Delayed Financing Proceeds allowed Custodial accounts Deferred compensation Crypto Currency unless seasoned and liquidated to U.S. Dollars Escrow accounts Foreign funds Gift Funds Health Savings Accounts Non-financial assets (collectibles, stamps, coins, artwork, etc.) unless liquidated Non-liquid assets (auto, artwork, business net worth, etc.) Non-regulated financial companies Non-vested restricted stock units Privately held stock Stock options SBA loans and paycheck protection funds
<p>13.3 Eligible Assets</p>	<ul style="list-style-type: none"> Checking, Savings, Money Market Accounts, Cash value/surrender value of Life Insurance, Equity Proceeds from concurrent sale <ul style="list-style-type: none"> 100% qualifying amount CD <ul style="list-style-type: none"> If maturity date is after close of escrow, any early withdrawal penalty must be netted from balance Annuities, Mutual Funds, Publicly Traded Stocks and Bonds <ul style="list-style-type: none"> 80% qualifying amount Annuities are permitted with attestation from borrowers' asset manager or account representative confirming terms, penalties etc. Retirement Accounts (401(k) IRA, SEP, KEOGH) <ul style="list-style-type: none"> 70% qualifying amount Sale of business, inheritance or legal settlement, delayed financing cash out with proper documentation, and other asset types may be used on a case-by-case basis

<p>13.4 Program Requirements</p>	<p>The utilization of financial assets will be considered as borrower income to qualify for their monthly payments. The unrestricted liquid assets can be comprised of stocks/bonds/mutual funds, vested amount of retirement accounts and bank accounts. This can be combined with other sources of income (i.e. rent, pension, social security etc.) self-employment and W2 income. All accountholders must be borrowers on the loan</p> <ul style="list-style-type: none"> • Primary and 2nd home - Maximum LTV/CLTV of 80% • Investment Property – Max LTV/CLTV of 65% • Cash Out – Max 60% LTV/CLTV <ul style="list-style-type: none"> ○ Cash out proceeds may not be used as qualified assets ○ Reserves not required • Requirements: <ul style="list-style-type: none"> ○ Borrowers must have a minimum of the lesser of <ul style="list-style-type: none"> ▪ \$1mm in Qualified Assets OR ▪ 1.25 times the loan balance Qualified Assets, but never less than \$250k liquid assets when asset utilization is the only source of income to qualify ▪ When asset utilization is used as a supplemental source of income, the minimum asset requirement is waived. Max DTI is 45% • Assets: <ul style="list-style-type: none"> ○ Statement(s) dated at or greater than 120 days old as of the application date AND ○ Most recent statement as of application date <ul style="list-style-type: none"> ▪ If statements are monthly, <ul style="list-style-type: none"> • The statement(s) must be at least 120 days old as of application date • The most recent statement must be dated within 45 days of the application date ▪ If statements are quarterly, <ul style="list-style-type: none"> • The two most recent full quarterly statements • If the most recent quarterly statement will be greater than 120 days as of the note date, a 30-day printout for each account will be required prior to final approval ▪ Seasoning not required if assets are from the sale of business, inheritance, or legal settlement etc. Documentation verifying ownership of assets is required. Cash out from delayed financing is eligible with proper documentation • Net Assets: <ul style="list-style-type: none"> ○ If the assets or a portion of the assets are being used for down payment or costs to close, those assets should be excluded from the balance before analyzing a portfolio for income qualification • Qualifying Income: <ul style="list-style-type: none"> ○ Qualified assets with utilization draw schedule of 5 years (Qualified Assets divided by 60) • Not permitted: <ul style="list-style-type: none"> ○ Non-occupant co-borrowers
<p>13.5 Employment and Income Documentation</p>	<p>If using additional income sources to qualify, see Section 15 for documentation requirements</p>

Section 14 – Supplemental Income Sources – Bank Statements and 12/24 Month P & L	
14.1 Component/Blended Sources of Income	<ul style="list-style-type: none"> • A borrower who has a self-employed business and also receives income from other sources is eligible for the bank statement program. Income sources include but are not limited to rental properties, trust & investment, alimony, etc. These income sources must be separately documented on the 1003/URLA and must be separately supported by bank statement deposits • When using component/blended income sources for a single borrower, pricing and qualification is based on the predominant document type when the supplemental income for qualifying is 25% or less of the total income <ul style="list-style-type: none"> ○ Example: If borrower is using W2 and Asset Utilization to qualify, if Asset Utilization is 25% or less of the total qualifying income, then pricing and qualification would be off the documentation requirements for the W2 income. If the asset utilization exceeds 25%, then the asset utilization documentation requirements, pricing and guidelines would be used for qualifying.
14.2 Rental Income	<ul style="list-style-type: none"> • A current lease is required for all REO income properties <ul style="list-style-type: none"> ○ Evidence that lease is market rent is required (Internet rental searches are allowed) • Proof of receipt of current month’s rent <ul style="list-style-type: none"> ○ Must come from an account not used for income qualification • Must provide proof of ownership • If the lease is not available due to vacancy, market rent must be obtained using Zillow - rent estimate, Rentometer, or Rentrance, • Lease or market rent must be reduced by a vacancy/expense factor of 15%
14.3 Short Term/Variable Rental Income	<ul style="list-style-type: none"> • Examples: Airbnb – VRBO- HomeAway • Qualifying Income is 80% of one of the following: <ul style="list-style-type: none"> ○ 12 months evidence of receipt via Service Provider payment receipt history deposits. Income is calculated based on average deposits over a 12-month history, including zero deposit months, or ○ If 12 months’ statements are not available, market rents for permanent tenants can be used (rent range, rentometer, etc.) • Requires property ownership report and proof of property listing on Website • Must be permitted in accordance with local ordinances • Subject property purchase or refinance ineligible – must be Other REO
14.4 Trust Income	<ul style="list-style-type: none"> • Income from trusts may be used if constant payments continue for at least the first 3 or 5 years of the mortgage term as evidenced by trust income documentation. <ul style="list-style-type: none"> ○ 5 years required if income source is > 50% of loans total qualifying income • Trust Agreement required confirming amount, distribution frequency, and duration of payments

<p>14.5 Alimony Income/Child Support</p>	<ul style="list-style-type: none"> • Final Divorce decree or legal separation agreement required. • Must provide payment evidence of 6 months via cancelled checks, deposit slips, or bank records <ul style="list-style-type: none"> ◦ If receipt amounts vary, use the lower of the average or amount from the decree or legal separation • Must document a 3-year continuance
<p>14.6 Note Receivable Income</p>	<ul style="list-style-type: none"> • Copy of the note confirming amount and length of payment • Must provide payment evidence of 12 months via cancelled checks, deposit slips, or bank records • Must document a 3-year continuance
<p>14.7 Royalty Payment Income:</p>	<ul style="list-style-type: none"> • Royalty contract, agreement, or statement confirming amount, frequency, and duration of the income • Must provide payment evidence of 12 months via cancelled checks or bank records/deposits • Must document a 3-year continuance
<p>14.8 Retirement Income</p>	<ul style="list-style-type: none"> • The following types of income documentation are required: <ul style="list-style-type: none"> ◦ Copy of award letter or letters from the organizations providing the income and, ◦ Most recent 2 months of bank statements showing deposit of funds • Must document a 3-year continuance
<p>14.9 Self Employed/Wage Earner Combination</p>	<ul style="list-style-type: none"> • Joint borrowers with 1 wage earner and 1 self-employed business owner can verify income separately, with the self-employed borrower utilizing bank statements and the wage earner providing pay stubs/W-2s. The wage earner 4506C/8821 should include W-2 transcripts only. • Loan pricing and qualification is based on the worst-case document type.

Section 15 – Employment and Income Documentation – Full Doc, Express Doc, Asset Utilization

<p>15.1 Alimony Income/ Child Support</p>	<ul style="list-style-type: none"> • Final Divorce decree or legal separation agreement required. • Must provide payment evidence of 6 months via cancelled checks, deposit slips, or bank records <ul style="list-style-type: none"> ◦ If receipt amounts vary, use the lower of the average or amount from the decree or legal separation • Must document a 3-year continuance
<p>15.2 Boarder Income</p>	<ul style="list-style-type: none"> • Allowable on full doc loans if income is declared on tax returns
<p>15.3 Bonus and Commission</p>	<ul style="list-style-type: none"> • A 2-year average is required unless the borrower recently moved to a commission basis. Consideration of > 1 year and < 2 years may be permitted based on FNMA guidelines
<p>15.4 Capital Gains</p>	<ul style="list-style-type: none"> • 2 years of tax returns required and an analysis of post-closing assets’ ability to produce capital gains
<p>15.5 Employment History</p>	<ul style="list-style-type: none"> • Employment is considered stable if the borrower has a 2-year work history in the same job or field. Written analysis may be provided justifying less than 2 years • A minimum of 6 months of employment is required unless recently graduated from school or completion of formal training.
<p>15.6 Employment Gaps/Extended Absence</p>	<ul style="list-style-type: none"> • The borrower must explain any employment gaps exceeding 30 days in the last 12 months • Extended Absence – Must be employed for at least 6 months when returning from an extended absence (defined as 6 months) and must document (VOEs or W2s) a 2-year work history prior to an absence
<p>15.7 Business Expenses</p>	<ul style="list-style-type: none"> • Employee business expenses reported on tax returns are actual cash expenses and must be deducted from income
<p>15.8 Family-Owned Business</p>	<ul style="list-style-type: none"> • Provide copies of the borrower’s signed federal income tax returns filed with the IRS if the borrower is employed by family members. Or provide evidence that borrowers have no ownership interest (e.g. corporate returns with ownership percentages.)
<p>15.9 Foreign Income</p>	<ul style="list-style-type: none"> • Foreign income is income earned by a borrower employed by a foreign government/company and not paid in US dollars. Acceptable utilization if the following criteria are satisfied: <ul style="list-style-type: none"> ◦ 2 years US Tax returns reflect the foreign income ◦ Income is translated to US dollars ◦ Income documentation, stability and continuance requirements are met ◦ Income from countries under OFAC sanctions not permissible

<p>15.10 Foster, IHSS, Parsonage</p>	<ul style="list-style-type: none"> • Foster/IHSS/Parsonage eligible with 2 years history and 3-year continuance
<p>15.11 Non-Taxable Income</p>	<ul style="list-style-type: none"> • Non-taxable income may be grossed up 125%.
<p>15.12 IRA / Retirement</p>	<ul style="list-style-type: none"> • IRA distributions cannot be set up post application date unless the borrower is required to start withdrawing based on age (for IRA's). In such cases, 125% of the required minimum amount can be used to qualify • Distributions must have been received at least one month prior to application to be considered as eligible income. Distributions that have been received for 2 months or more can be adjusted with a letter from the plan administrator validating the increase <ul style="list-style-type: none"> ○ Allowable increases of distribution amount are limited to 125% of previously received distributions ○ Continuance for 3 years at the proposed monthly amount is required • Self Employed borrowers who contribute to their own self-funded pension as reported on the most recent filed tax returns are eligible to be added back as income
<p>15.13 Note Receivable Income</p>	<ul style="list-style-type: none"> • Copy of the note confirming amount and length of payment • Must document a 3-year continuance • Must provide payment evidence of 12 months via cancelled checks, deposit slips, or bank records <ul style="list-style-type: none"> ○ Notes with less than 12 months' seasoning may be considered by underwriters, but never less than 9 months (e.g. sold a business and took back a note)
<p>15.14 Employment Offers and Contracts</p>	<ul style="list-style-type: none"> • A borrower scheduled to begin employment under the terms of an employment offer of contract may be eligible <ul style="list-style-type: none"> ○ Document fully executed offer and acceptance ○ Provide a paystub that includes sufficient information to support the income used to qualify the borrower based on the offer or contract at time of funding <ul style="list-style-type: none"> ▪ Income from the paystub provided and VVOE must align with the contract/offer used to qualify ▪ Offer must be non-contingent <ul style="list-style-type: none"> • If conditions of employment exist, confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. ▪ Document, in addition to the amount of reserves required for the loan transaction, one of the following: <ul style="list-style-type: none"> • 6 months PITI(A) OR • Reserves sufficient to cover the monthly liabilities included in the DTI, 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 ○ Variable income cannot be used to qualify

<p>15.15 Restricted Stock Units</p>	<p>Restricted Stock Units (RSUs) represent an unsecured promise by an employer to grant a set number of shares of stock to the employee. They are non-transferable and subject to forfeiture</p> <p>Restricted stock and RSU's may only be considered once they become fully vested. A vesting schedule must be provided to confirm future scheduled amounts and vesting dates</p> <p>If the vesting schedule supports a regular and reoccurring release of stock that supports the amount and continuance used to qualify, future allocations do not need to be fully vested at the time of the application</p> <p>Non-vested or restricted stock accounts are not eligible for use as down payment or reserves</p> <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Current paystub, 2 years W2s and tax returns evidencing one-year history of receipt of restricted stocks. If not clearly identifiable on the W2s, year-end paystubs may also be required to identify receipt • If the borrower has less than two years with the current employer, must document the borrower's prior employment compensation including restricted stocks and the borrower has received at least one award with the current employer that is vested. The previous employment must have been a similar position and industry, and the issuance of restricted stock must be common for the industry • Vesting schedule to provide schedule of distribution of units and show no indications the borrower will cease to receive future restricted stocks at the same historical level. <p>Calculation of Income:</p> <ul style="list-style-type: none"> • A one-year average of prior income received in RSUs or stock option OR • Use of the lower value of the current stock price or a 52-week average of the stock price if no two-year history of RSU with the current employer
<p>15.16 Retirement or Pension Income</p>	<ul style="list-style-type: none"> • Borrowers of retirement age do not require proof of continuance if income is received from corporate, government or military retirement or pension. • One of the following types of income documentation is required: <ul style="list-style-type: none"> ○ Award letter(s) from the organizations providing the income ○ Retirement award letter or benefit statement ○ Most recent personal income tax return with all schedules ○ Most recent W2 or 1099 ○ Proof of receipt of one month of income • If retirement income is paid in the form of a distribution from a 401(k), IRA, or Keogh retirement account, determine whether the income is expected to continue for at least three years after the date of the mortgage application. • Eligible retirement account balances (from a 401(k), IRA, or Keogh) may be combined for the purpose of determining whether the three-year continuance requirement is met • Social Security income for retirement or long-term disability that the borrower is drawing from his or her own account/work record will not have a defined expiration date and must be expected to continue. • However, if Social Security benefits are being paid as a benefit for a family member of the benefit owner, that income may be used in qualifying if documentation confirms the remaining term is at least three years from the date of the mortgage application

<p>15.17 Rental Income</p>	<ul style="list-style-type: none"> • See Departing Residence section 8.17 for additional details • This section applies to subject property rental income. For Other-REO income please refer to 'Supplement Income Source' section • Negative rental income can be deducted from income rather than considered a liability (except departing residences and subject properties) • Borrower(s) may provide leases and proof of rent in lieu of tax returns. • Rent loss insurance required (6 months PITIA) <ul style="list-style-type: none"> ○ 6 months' additional reserves beyond the program minimum allowed in lieu of rent loss coverage • Rental Income Calculation: <ul style="list-style-type: none"> ○ Purchase transactions will be calculated at 85% of the market rent less PITIA ○ Refinance: Tax returns programs: rental is calculated from schedule E. When two years returns are provided, the most recent years rental income is used ○ Refinance: No tax return programs <ul style="list-style-type: none"> ▪ Income derived from rental real estate is qualified by documenting the following: <ul style="list-style-type: none"> • Current lease on the REO (Must be at or below market rents. (Internet rental searches are allowed) • Proof of receipt of the most current month's rent • Calculate income or loss based on 75% of the lease less than the documented PITIA
<p>15.18 Short Term/ Variable Rental Income</p>	<ul style="list-style-type: none"> • Examples: Airbnb – VRBO- HomeAway • Qualifying Income for other REO is 80% of one of the following: <ul style="list-style-type: none"> ○ 12 months evidence of receipt via Service Provider payment receipt history deposits. Income is calculated based on average deposits over a 12-month history, including zero deposit months, or ○ If 12-month statements are not available, market rents for permanent tenants can be used. Market rents (rent range, rentometer, etc.) • Requires property ownership report and proof of property listing on Website • Must be permitted in accordance with local ordinances • Subject property short-term rental is permitted using long term annual rents to qualify. No STR income whatsoever is allowed i.e.: AirDNA, short-term 1007, short-term rental statements are all ineligible
<p>15.19 Rent Rolls</p>	<ul style="list-style-type: none"> • Allowed for verification of rent received if provided by a third-party, disinterested property management company
<p>15.20 Second Jobs</p>	<ul style="list-style-type: none"> • Second job income considered stable if received for 2 years and likely to continue. Less than 2 years acceptable but not less than 1 year
<p>15.21 Temporary Leave Income</p>	<ul style="list-style-type: none"> • The lesser of the borrower's temporary leave income (if any) or the regular employment income is used to qualify. Follow FNMA guidance

<p>15.22 Trust Income</p>	<ul style="list-style-type: none"> Income from trusts may be used if constant payments continue for at least the first 3 years of the mortgage term as evidenced by trust income documentation. Trust Agreement and Trust Asset Statement required Trust Agreement required confirming amount, distribution frequency, and duration of payments At least one distribution must have been made prior to closing Borrower must be beneficiary of the Trust
<p>15.23 VVOE</p>	<ul style="list-style-type: none"> A VVOE is required for all wage earner borrowers and must be completed within 10 business days of the note date
<p>15.24 Ineligible Income</p>	<ul style="list-style-type: none"> Any income related to marijuana use regardless of local and state law Education benefits Gambling income including internet gambling Non-profit Entities Rental income from a second home Trailing Spouse Income SBA loans or paycheck protection funds

Section 16 – Assets, Source of Funds, & Reserves (Excludes Asset Utilization)

<p>16.1 Asset Documentation</p>	<ul style="list-style-type: none"> • Asset Utilization <ul style="list-style-type: none"> ◦ See section 13.3 • Purchase & Rate Term Refinance <ul style="list-style-type: none"> ◦ Most recent 1-month statement at time of application • Cash Out <ul style="list-style-type: none"> ◦ May be used to meet the reserve requirement <ul style="list-style-type: none"> ▪ Statements not required for Cash-Out transactions which satisfy reserves ▪ If cash out amount does not satisfy the reserve requirement, follow asset documentation for Rate/Term (above)
<p>16.2 Eligible Assets</p>	<ul style="list-style-type: none"> • All pages of the most recent required monthly statements, the most recent quarterly statement, or FNMA approved third party direct pull services as indicated in Section 16.2 <ul style="list-style-type: none"> ◦ An LOE is required on purchase transactions for large deposits (exceeding 50% of the total monthly qualifying income) • Additional documentation to source the deposit may be required. Exchange traded Stocks/Bonds/Mutual Funds – 100% may be used for reserves • Vested Retirement Accounts – 100% may be considered for reserves <ul style="list-style-type: none"> ◦ Terms of withdrawal not required ◦ If it is needed to close, verification that funds have been liquidated (if applicable) is required <ul style="list-style-type: none"> ▪ If the borrower has > 20% of those needed for closing in the account, documentation of liquidation is not required ▪ Example: <ul style="list-style-type: none"> • Required funds to close: \$10,000 • Available funds: \$15,000 • Since the borrower has 50% more funds than required, documentation of liquidation is not required • Earnest money deposit – Follow FNMA requirements. <ul style="list-style-type: none"> ◦ Verification of EMD is not required unless needed to meet minimum borrowers’ contribution • A borrower, who is also the realtor of the subject property, may use the commission earned (commission must be market rate – max 3%) towards the transaction. The borrower must have sufficient funds verified for closing and reserves without the commission • Secured borrower funds are allowed for down payment and closing costs (ex. HELOC) • Builder profits are not allowed • COVID-19 Paycheck Protection funds may not be used for income qualification or assets • Repayment of loans without bank records to show the initial loan disbursement is not allowed • Non-borrowing titleholder or member of LLC/entity who is contributing assets is not considered a gift, requirements below: <ul style="list-style-type: none"> ◦ One month asset statement required ◦ No gift letter required • A non-borrowing spouse who is not residing in the subject property is considered a gift. See section 16.6 for requirements • SBA loans or paycheck protection funds may not be used as assets, income, down payment, closing costs, reserves

<p>16.3 Ineligible Assets and Sources of Funds</p>	<ul style="list-style-type: none"> • 529 Accounts • Assets titled in an irrevocable trust • Below investment grade corporate and municipal bonds • Custodial accounts • Deferred compensation • Escrow Accounts • Foreign funds • Cash on hand • Health Savings Accounts • Non-financial assets (collectibles, stamps, coins, artwork, etc.) unless liquidated • Non-liquid assets (auto, artwork, business net worth, etc.) • Non-regulated financial companies • Non-vested restricted stock units • Privately held stock • Stock options • Builder profits 												
<p>16.4 Reserves</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #333; color: white;"> <th colspan="2" style="padding: 5px;">Full Doc, Express Doc, 1099</th> <th colspan="2" style="padding: 5px;">Bank Statement, P & L, Asset Utilization</th> </tr> <tr style="background-color: #eee;"> <th style="width: 50%; padding: 5px;">3 months</th> <th style="width: 50%; padding: 5px;">6 months</th> <th style="width: 50%; padding: 5px;"></th> <th style="width: 50%; padding: 5px;"></th> </tr> </thead> <tbody> <tr> <td colspan="4" style="padding: 10px;"> <ul style="list-style-type: none"> • If R/T Refinance \leq 60% LTV/CLTV and 0 X 30 X 12 – Reserves Requirement is waived • Reserves are calculated off actual P&I payment plus Taxes, Insurance, and HOA • Cash Out may be used to meet reserve requirements • Gift Funds used as reserves – see Gift Fund guides (Section 16.6) for details • Assets being used for dividend and interest income may not be used to meet reserve requirements • Restricted stock is ineligible for to be used for reserves </td> </tr> </tbody> </table>	Full Doc, Express Doc, 1099		Bank Statement, P & L, Asset Utilization		3 months	6 months			<ul style="list-style-type: none"> • If R/T Refinance \leq 60% LTV/CLTV and 0 X 30 X 12 – Reserves Requirement is waived • Reserves are calculated off actual P&I payment plus Taxes, Insurance, and HOA • Cash Out may be used to meet reserve requirements • Gift Funds used as reserves – see Gift Fund guides (Section 16.6) for details • Assets being used for dividend and interest income may not be used to meet reserve requirements • Restricted stock is ineligible for to be used for reserves 			
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<p>16.5 Market Based Assets</p>	<ul style="list-style-type: none"> • Market-based asset account documentation updated within 30 days of note date. Applicable for assets used for reserves. 												

<p>16.6 Gift Funds</p>	<ul style="list-style-type: none"> • Primary Purchase Transaction Only <ul style="list-style-type: none"> ○ Borrowers must have 5% of their own funds documented, but not required to use <ul style="list-style-type: none"> ▪ Borrowers with no Housing History must have 10% of their own funds documented, but not required to use ▪ If the minimum borrower contribution is not used towards the down payment, those funds can be used towards reserves ▪ Must follow Fannie Mae’s “Acceptable Donors” list ○ Non-borrowing titleholders or member of LLC/entity who are contributing funds are not considered a gift but must be seasoned and sourced. One month’s asset statement required. No gift letter required ○ Non-borrowing spouses residing or will reside in property who is contributing funds is not considered a gift, however funds must be sourced and seasoned. One month’s asset statement required. No gift letter required ○ Gift of Equity allowed up to 75% LTV/CLTV (primary only) – subject property mortgage rating from seller is required <ul style="list-style-type: none"> ▪ Must be 0 X 30 X 12 and no delinquent property taxes ○ Gifts must come from an eligible asset source (see section 16.2 for eligible assets)
<p>16.7 Business Funds</p>	<ul style="list-style-type: none"> • Business accounts may only be used to meet down payment and/or reserve requirements if: <ul style="list-style-type: none"> ○ 100% ownership of the business across borrowers ○ Shared ownership requires an access letter from partners allowing the use of the business funds by the borrower
<p>16.8 Life Insurance Cash Value</p>	<ul style="list-style-type: none"> • Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves.
<p>16.9 Foreign Assets</p>	<ul style="list-style-type: none"> • Foreign assets are acceptable and must be 60 days seasoned with the 2 most recent bank statements. • Any foreign assets used for verification and/or qualification must be transferred to a US Bank account, if funds are being used for down payment and/or reserves
<p>16.10 Bitcoin (Crypto Currencies)</p>	<ul style="list-style-type: none"> • Allowed for down payment, closing costs, and reserves with evidence of ownership and liquidation to U.S. dollars
<p>16.11 Sale of Personal Assets</p>	<ul style="list-style-type: none"> • Proceeds from the sale of personal assets are an acceptable source of funds for the down payment, closing costs, and reserves provided the individual purchasing the assets are not a party to the property sale transaction or the mortgage financing transaction. Documentation required supporting borrower ownership of the asset, independent valuation of the asset, ownership transfer of the asset and borrower’s receipt of sale proceeds
<p>16.12 Non-Borrowing Spousal Accounts/Access Letter</p>	<ul style="list-style-type: none"> • Access Letters required for Bank Statement Income Program only • Non-borrowing joint account holder affidavit is required to ensure no deposits by that non-borrower are included as income.

Section 17 - Property

17.1 Appraisal

- Loan amount ≥ \$2,000,000
 - 2 full appraisals required
 - Lowest value of the 2 reports will be used
- HPML flips require 2nd full appraisals – [Section 7.13](#)
- An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent or other interested party is not acceptable
- Transferred appraisals are acceptable, unless ordered by the borrower or affiliate of the property seller.
 - A certification demonstrating compliance with AIR requirements (AIR Cert) must be included with the transferred appraisal
- For 2-4-unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required
- Interior inspections required, including photos, according to USPAP guides
- Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed
- Negative property influences must be disclosed and adjusted accordingly by appraiser, including but not limited to: Water Tower, Cell Tower, Gas Station, Railroad Tracks, Landfill/Dump, Auto Repair, Auto Sales, Highway Overpass, On- & Off-Ramp, Billboards/Advertisements, Airports, Hospitals, Police & Fire Stations
- Properties with significant negative influences are generally ineligible.
 - Characteristics including but not limited to:
 - locations in areas with high foreclosure or distressed sale activity, street scenes with excessive litter, or proximity to boarded homes
- Properties with unpermitted additions:
 - Appraiser to determine if addition is completed in a workman like manner
- Truncating to meet acreage limits is not permitted
- Appraisal Requirements:
 - Appraisal should conform to Fannie Mae's guidance on appraisals including but not limited to Definition of Market Value, Lender Responsibilities, Unacceptable Appraisal Practices, etc.
 - Minimum of 2 comparable properties that were exposed to the MLS or other public website which markets active listings (i.e. StreetEasy)
 - Social media is not an acceptable source for listings/comps
 - Generally, it should have a minimum of 2 comparable properties under 1 mile unless adequately explained
- Excessive line, net, and gross adjustments must be addressed within the appraisal report. Additional supporting evidence may be required to ensure value is supported.
- ROVs which result in a change in value or rent amount require approval from the Director or VP of Underwriting

<p>17.2 Appraisal Review</p>	<p>ORION LENDING will accept one of the following review products:</p> <ul style="list-style-type: none"> • Fannie Mae Collateral Underwriter (CU) or Freddie Mac Loan Collateral Advisor (LCA) with a score of 2.5 or less, documented in file with a copy of the Submission Summary Report (SSR) <ul style="list-style-type: none"> ○ If the score exceeds 2.5, an additional secondary valuation product is required ○ Only one needs to have a passing score and be retained in the loan file • Desk Review Product from ORION LENDING’s approved vendor <ul style="list-style-type: none"> ○ LTVs < 90%, the desk review value may not exceed +/-10% of the original appraisal value ○ LTVs ≥ 90%, the desk review value may not exceed +/-5% variance from the appraisal value ○ If the desk review product reports a value outside of the allowed variance from the original appraisal value or is unable to determine a value, the borrower must obtain a second appraisal ○ Approved Desk Review Vendors: <ul style="list-style-type: none"> ▪ Clear Capital ▪ Servicelink • Second Appraisal (required on loans \$2mm or higher) <ul style="list-style-type: none"> ○ May not be completed by the same appraiser or appraisal company as the original appraisal report ○ When two appraisals are obtained for a loan, no additional review product is required. LTV must be calculated based on the lower of the two appraisal values
<p>17.3 Declining Markets</p>	<ul style="list-style-type: none"> • Declining markets as defined by the appraiser <ul style="list-style-type: none"> ○ 5% reduction from max financing • Floor LTV: <ul style="list-style-type: none"> ○ 75% Purchase ○ 70% Refinance
<p>17.4 Eligible Property Types</p>	<ul style="list-style-type: none"> • SFR, Condo, PUD • 2-4 Units • Live/Work Condos – Follow FNMA • Modular/Prefabricated/Panelizes or Sectional housing • Agricultural Zoning • Rural Properties (Section 17.7) • Warrantable Condos (max 85% LTV/CLTV) • Non-Warrantable Condos (max 80% LTV/CLTV) • 10 Acre Maximum (omitting acreage to meet guideline limit is not permitted) • Mandatory Country Club: <ul style="list-style-type: none"> ○ No more than 10% of Purchase Price

**17.5 Ineligible
Property Types**

- Assisted Living/Continuing Care Facilities
- Barndominiums
- Bed & Breakfast
- Builder Inventory
- Boarding Houses/Individual Room Leases
- Builder Model Leaseback
- C5 or C6 property condition grades
- Commercial Zoned (unless condo)
- Community Land Trusts
- Condotels
- Condo projects that include any units that are timeshare/fractional ownership
- Co-Op
- Fractional Ownership/Time Shares
- Geodesic Domes
- Houseboats
- Native American Leased Land
- Leased land if lease term does not exceed term of loan by 5 years
- Log Homes
- 500 sq ft minimum for 1 unit property
 - Kitchenettes are not eligible
- 2-4 units - 500 sq ft per unit
- Lava Zones 1 & 2
- Properties < 500 sq ft per unit – Kitchenettes not allowed
- Log Homes or Log Home Characteristics
- Manufactured Homes
- Mixed Use
- Properties under construction
- Row homes/Rowhouses (requires an exception)
- Shouses (shed house or shop houses)
- Tenants in Common
- Mandatory Rental Pools*
- Unique Properties
- Working Farms
- Zoning violations
- Properties with No Zoning
- Rural properties greater than 10 acres
- Industrial zoning
- Subject Property Short Term Rentals income is not permitted
- Properties without year-round public access or without readily accessible roads

*A rental pool in which the HOA also requires a certain # days the property needs to be made available for the HOAs rental team to offer out is ineligible.

<p>17.6 Accessory Dwelling Units (ADU)</p>	<ul style="list-style-type: none"> • Appraiser to confirm ADU is typical to the area with supporting comparable properties • Rental income may be used for purchases and refinances with supporting appraisal comparable which contains accessory units, Appraisal market rents survey, and lease with 1 month evidence receipt of income (for refinance) • Unit should not jeopardize potential future hazard insurance claim(s) • Conforms to all zoning laws/regulations including permit requirements • Unpermitted ADUs must be completed in a workman like manner and conform to the subject property. No rental income may be used to qualify • Minimum 400 sq. ft. • 2 ADUs allowed on SFRs, otherwise limited to one ADU • Not permitted on 4-unit properties • Manufactured Home ADUs are not permitted
<p>17.7 Rural Properties</p>	<p>Maximum LTV/CLTV</p> <ul style="list-style-type: none"> • Primary Residence <ul style="list-style-type: none"> ○ Max 75% LTV/CLTV • Second Home <ul style="list-style-type: none"> ○ Max 70% LTV/CLTV • Investment <ul style="list-style-type: none"> ○ Not Eligible • Properties with appraisals marked 'suburban' but zoned 'Rural Residential' are allowed with Max LTVs: <ul style="list-style-type: none"> ○ 75% Purchase ○ 70% Rate-Term ○ 65% Cash-out <p>A property is generally considered rural when any of these characteristics are present:</p> <ul style="list-style-type: none"> • Zoned Rural, RA, Agricultural, or no zoning <ul style="list-style-type: none"> ○ Marked 'No Zoning' that are <i>NOT</i> in a residential neighborhood and are <i>NOT</i> located within municipal boundaries or a platted subdivision that is served by police protection and paid or volunteer fire protection • Appraisal is marked Rural • No paved service road
<p>17.8 Live/Work Condo</p>	<ul style="list-style-type: none"> • Follow FNMA

<p>17.9 Agricultural Zoning</p>	<ul style="list-style-type: none"> • May be eligible when all the following exist: <ul style="list-style-type: none"> ○ The highest and best use of the subject property is residential ○ Subject property is used as a residence and is typical for the neighborhood or market area ○ The appraiser adequately demonstrates that the subject neighborhood is residential in nature ○ Residential use is permissible under the zoning and land use regulations ○ Property adheres to the maximum acreage standards ○ Not eligible for properties designated as rural • The appraiser must also provide details of any outbuildings on the property: <ul style="list-style-type: none"> ○ Size of the outbuildings ○ Are the outbuildings being used for a special purpose ○ Do the comparable sales have similar outbuildings ○ Is the property residential in nature – no agricultural or commercial use • No value should be given to any auxiliary buildings
<p>17.10 Commercial Influence</p>	<ul style="list-style-type: none"> • Ineligible properties near Commercial Influence: <ul style="list-style-type: none"> ○ Environmental Hazards with potential impact to health and safety ○ Industrial factory ○ Located in an area not confirming to the neighborhood (i.e., few residential properties in density) ○ Power plants • Appraisal Requirements for Homes near Commercial Influence <ul style="list-style-type: none"> ○ Minimum 1 comparable with similar commercial influence ○ Commercial influence adjustments if all comps are not located within commercial influence
<p>17.11 Multiple Dwellings / APNs</p>	<ul style="list-style-type: none"> • Multiple APN's are acceptable if the subject property is on one parcel or across the lot line. Additional adjoining parcel(s) may not have additional dwelling unit(s) and is limited to non-residential improvements

17.12 Condos

- The condo project review must be in accordance with the FNMA Seller Guide.
 - Must ensure there are no Ineligible Projects characteristics as defined by Fannie Mae, including projects in need of critical repair (such as a project that failed to pass state, county, or other jurisdictional mandatory inspections or certifications (such as the Florida 30-Year Certification) specific to structural safety, soundness, and habitability), or the project would be considered non-warrantable and the non-warrantability characteristic must be listed as allowed per the below Non-Warrantable Condos eligibility table
- Specialty Team to perform project review and designate as warrantable/non-warrantable
- Underwriter attestation on Transmittal (1008) must clearly state whether the project is warrantable or non-warrantable
- State Condominium Requirement
 - California Balcony Bill – SB326: An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground. Projects with an unacceptable or no inspection are ineligible.
 - Florida – Projects over 30 years old or 25 years if within 3 miles from the coast, a structural inspection within every 10 years is required for projects 3 stories or higher.
 - Inspection must confirm no conditions severe enough to affect the safety, soundness integrity or habitability of the improvements
 - Projects with unacceptable or no inspections are ineligible

No Project Review	<ul style="list-style-type: none"> • Detached condos • 2- to 4-unit projects
Limited Review for Established Projects <u>except</u> Florida	<ul style="list-style-type: none"> • Primary: ≤ 85% LTV/CLTV • Second Home: ≤ 75% LTV/CLTV • Non-Owner: ≤ 75% LTV/CLTV
Limited Review for Established Projects in Florida	<ul style="list-style-type: none"> • Primary: ≤ 75 LTV/CLTV • Second Home: ≤ 70% LTV/CLTV • Non-Owner: ≤ 70% LTV/CLTV
Full Review	<ul style="list-style-type: none"> • All new projects • Project ineligible for limited review

17.13 Non-Warrantable Condominiums	Non-Warrantable Condos (Limited to two (2) items noted below)	
	Note Max 80% LTV/CLTV	
	Allowable Features	
	Presale	At least 30% of the units must be sold or under bona fide contract
	Investor Concentration	Up to 70% of units can be tenant occupied
	Commercial Space	Up to 50%
	Recreational Leases	Eligible
	Single Entity Ownership	A single entity can own up to 30% of units
	Master Coverage Deductible	Max 10%
	Reserves	<10% replacement, and/or maintenance, but never less than 5%
	Mandatory Memberships	Cannot exceed 10% of purchase price
	Delinquent HOA	Up to 25%
	Ineligible Features/Requirements for Non-Warrantable Condos	
	Material Litigation - Structural/Functional litigation against developer	Ineligible
	Insurance Coverage	Coverage amounts less than the full replacement amount is ineligible (actual cash value not permitted)
Newly Converted - Non-full gut rehabs	Ineligible	
Flood Insurance	Projects in a flood zone with no master flood coverage are ineligible. Borrower individual policies are not acceptable	
Project Completion	Project must be 100% complete and HOA turned over	
17.14 Escrow Holdbacks	<ul style="list-style-type: none"> • Escrow Holdbacks for repairs are not allowed 	

<p>17.15 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 prior to closing. A written certification is required from the appraiser to confirm that the property value has not been impacted by the disaster.</p> <p>For FEMA declared natural disasters, the inspections must be dated after the disaster end date is declared by FEMA.</p>
<p>Section 18 – Miscellaneous Guideline Requirements</p>	
<p>18.1 Assumable Loans</p>	<ul style="list-style-type: none"> • Titan Flex loan programs are not assumable
<p>18.2 Recasting/Re-amortizing</p>	<ul style="list-style-type: none"> • Recasting or re-amortized transactions are not eligible
<p>18.3 Rental Loss Insurance</p>	<ul style="list-style-type: none"> • 6 months’ rent loss insurance required
<p>18.4 Escrows</p>	<ul style="list-style-type: none"> • Required for HPML loans per CFPB, and • LTVs > 85%
<p>18.5 Temporary Buydown</p>	<ul style="list-style-type: none"> • See Temporary buydown section 3.4
<p>18.6 Interested Party Contributions</p>	<ul style="list-style-type: none"> • Maximum Interested Party Contributions (calculated based on purchase price) <ul style="list-style-type: none"> ◦ > 80% LTV/CLTV – 3% ◦ ≤ 80% LTV/CLTV – 6%
<p>18.7 Solar, Pace, Hero</p>	<ul style="list-style-type: none"> • Solar leases are allowed if the lease payment is included in the DTI, the equipment owner is responsible for any damage because of installation/removal/defect/malfunction, and equipment owner is not listed as loss payee of on the insurance policy. Must conform to FNMA • Borrower to provide copy of lease for refinance. Purchases require copy of the lease reflecting in borrower’s name to show they qualified for the transfer of solar lease • Power purchase agreements are eligible. It is not necessary to be included in DTI. Must conform to FNMA • PACE loans (or any similar loans with payments that are included in property taxes) are not eligible to remain on title; must be paid off through closing • Payoff of PACE/HERO will be treated as a rate and term
<p>18.8 Title and Closing</p>	<ul style="list-style-type: none"> • Short form title policies are allowed • Preliminary title report must include plate map and survey (as required) • Follow FNMA

18.9 Deed Restrictions	<ul style="list-style-type: none"> • Deed restrictions that affect transferability of a property are not allowed. Age Restricted communities are allowed.
18.10 Taxes and Hazard Insurance	<ul style="list-style-type: none"> • The appropriate amount of hazard insurance is determined as the lesser of: <ul style="list-style-type: none"> ○ 100% of the insurable value of the improvements with replacement cost coverage, as established by the property insurer, or the unpaid principal balance of the first and second mortgage (sufficient coverage for the new combined loans), or ○ The combined unpaid principal balance of the first and any secondary financing, as long as it equals the minimum amount required to compensate for any damage or loss on a replacement cost basis, typically 80% of the insured value of the improvements. If it does not, then coverage that does provide the minimum required amount must be obtained ○ For taxes, see ORION LENDING’s Tax Policy
18.11 Maximum Financed Properties	<ul style="list-style-type: none"> • No limit to the number of financed properties • Commercial properties and residential > 4 units excluded from calculation • 3 or more loans in the same condo complex, sub-division, PUD, or the like will require an exception • The maximum number of loans that can be funded for the same borrower is limited to 10 or \$5,000,000
18.12 Closing in a Trust	<ul style="list-style-type: none"> • Permitted. See ORION LENDING’s Trust policy
18.13 E-Signatures	<ul style="list-style-type: none"> • E-signatures are permitted except for the following documents: Note, Mortgage, Deed of Trust, Power of Attorney, Riders/Addendums, Personal Guaranty, and any state regulated disclosures. These documents require a wet signature
18.14 Power of Attorney	<ul style="list-style-type: none"> • Limited Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial 1003 is signed by the borrower executing the POA • Not eligible on cash-out • No POA may be used if closing in an LLC or Corp • An LOE describing the reason for using a POA is required
18.15 Principal Curtailments	<ul style="list-style-type: none"> • A principal curtailment at closing is allowed up to the lesser of 2% of the new loan amount or \$2,500 and must be clearly reflected on the Closing Disclosure • Principal curtailments cannot be used to cure tolerance violations
18.16 IRS Installment Agreement	<ul style="list-style-type: none"> • Approved IRS payment plans are allowed if current and do not carry a lien
18.17 Lock Policy	<ul style="list-style-type: none"> • Refer to ORION LENDING’s website for complete lock policy • Loan amount variance > (10%) ten percent from the locked loan amount will result in worst case pricing

Section 19 - Guideline Updates – Effective 05/01/2026

	Previous Guideline	Current Guideline
<p>3.10 Geographic Restrictions</p>	<ul style="list-style-type: none"> • New York Restrictions – Loans located in the counties/areas shown below must meet the following requirements: <ul style="list-style-type: none"> ○ Rockland County, Orange County, Brooklyn: <ul style="list-style-type: none"> ▪ Primary Residence & Second Homes in Brooklyn, Orange County, and Rockland County must meet all the following requirements: ▪ ≥ 720 credit score ▪ Loan amount maximum: <ul style="list-style-type: none"> • 1.5 MM Rockland and Orange County • 2.5 MM Brooklyn <ul style="list-style-type: none"> • 2 Appraisals 	<ul style="list-style-type: none"> • New York Restrictions – Loans located in the counties/areas shown below must meet the following requirements: <ul style="list-style-type: none"> ○ Rockland County, Orange County, Brooklyn: <ul style="list-style-type: none"> ▪ Primary Residence & Second Homes must meet all the following requirements: <ul style="list-style-type: none"> ▪ ≥ 720 credit score ▪ Loan amount is \leq: <ul style="list-style-type: none"> • \$1.5 MM Rockland and Orange County • 2 Appraisals required • \$2.5 MM Brooklyn <ul style="list-style-type: none"> ▪ $\leq 70\%$ - 1 appraisal and a Field review or 2nd appraisal required ▪ $> 70\%$ - 2 Appraisals required

Section 19 – Guideline Updates – Effective 03/31/2026

	Previous Guideline	Current Guideline
<p>3.10 Geographic Restrictions</p>	<ul style="list-style-type: none"> • Ineligible States/Countries: <ul style="list-style-type: none"> ○ West Virginia ○ Maryland – specific to Baltimore City, MD only • Geographic Watchlist – Properties in the following markets are subject to additional appraisal due diligence and may be subject to reprice. <ul style="list-style-type: none"> ○ Brooklyn ○ Orange County ○ Rockland County ○ Bergen County ○ Essex County ○ Chicago, IL ○ Kansas City, MO ○ New Orleans, LA ○ Philadelphia, PA 	<ul style="list-style-type: none"> • Ineligible States/Countries: <ul style="list-style-type: none"> ○ West Virginia ○ Maryland – specific to Baltimore City, MD only • New York Restrictions – Loans located in the counties/areas shown below must meet the following requirements: <ul style="list-style-type: none"> ○ Rockland County, Orange County, Brooklyn: <ul style="list-style-type: none"> ▪ Primary Residence & Second Homes in Brooklyn, Orange County, and Rockland County must meet all the following requirements: <ul style="list-style-type: none"> ▪ ≥ 720 credit score ▪ Loan amount maximum: <ul style="list-style-type: none"> • 1.5 MM Rockland and Orange County • 2.5 MM Brooklyn ▪ 2 Appraisals ○ Rockland County, Orange County, Brooklyn - Loans meeting the following criteria will be subject to additional due diligence, possible exception, and repricing: <ul style="list-style-type: none"> ▪ All Investment Properties ▪ Primary Residence and Second home with the following: <ul style="list-style-type: none"> • < 720 credit score, or • > 1.5 MM in Rockland and Orange County • > 2.5 MM in Brooklyn ○ Geographic Watchlist – Properties in the following markets are subject to additional appraisal due diligence and may be subject to reprice: <ul style="list-style-type: none"> ○ New Jersey <ul style="list-style-type: none"> ▪ Bergen County ▪ Essex County ○ Chicago, IL ○ Kansas City, MO ○ New Orleans, LA ○ Philadelphia, PA