



# TITAN

## AUS

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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.

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

## Section 2 - Underwriting Criteria

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

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

Additional HPML requirements are described herein including mandatory escrows for 5 years.

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

### Section 3 – Product Eligibility

<b>3.1 Available Products</b>	<ul style="list-style-type: none"> <li><b>Fixed Rate:</b> <ul style="list-style-type: none"> <li>20, 25, 30 Yr. Term</li> </ul> </li> </ul>
<b>3.2 Underwriting</b>	<ul style="list-style-type: none"> <li><b>AUS findings with an Approve/Ineligible (or Eligible for High Balance) due to loan amount</b> <ul style="list-style-type: none"> <li>Fannie Mae DU or Freddie Mac LPA are acceptable</li> </ul> </li> <li>For underwriting guidelines not addressed, refer to the FNMA Selling Guide currently in effect as of the loan application date</li> </ul>
<b>3.3 Age of Documents</b>	<ul style="list-style-type: none"> <li><b>Credit, Income, Assets, and Title:</b> <ul style="list-style-type: none"> <li>120 days prior to note date</li> </ul> </li> <li><b>Appraisals:</b> <ul style="list-style-type: none"> <li>120 days with a recertification of value dated prior to the original expiration date, extending the appraisal expiration date to 180 days</li> </ul> </li> </ul>

### Section 4 – Product Matrix

<b>4.1 Primary Purchase / Rate &amp; Term</b>	PRIMARY RESIDENCE - PURCHASE / RATE & TERM			
	NUMBER OF UNITS	MAXIMUM LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV/HCLTV
	1	\$1,000,000	680	70
		\$1,500,000	700	80
		\$2,000,000	720	75
	2	\$1,000,000	700	65
		\$1,500,000	720	60

4.2 Primary Cash Out	PRIMARY RESIDENCE – CASH OUT <sup>1</sup>			
	NUMBER OF UNITS	MAXIMUM LOAN AMOUNT <sup>5</sup>	MIN CREDIT SCORE	LTV/CLTV
	1	\$1,000,000	700	65
		\$1,500,000	720	65
		\$2,000,000		60
	2	\$1,000,000		
4.3 Second Home Purchase / Rate & Term	SECOND HOME - PURCHASE / RATE & TERM			
	NUMBER OF UNITS	MAXIMUM LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV/HCLTV
	1	\$1,000,000	720	80
		\$1,500,000		70
		\$2,000,000		65
	4.4 Second home Cash Out	SECOND HOME – CASH OUT		
NUMBER OF UNITS		MAXIMUM LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV
1		\$1,500,000	720	60
		\$2,000,000		50



<b>4.5 Program Restrictions</b>	<p><b>PROGRAM RESTRICTIONS</b></p> <p><sup>1</sup>Texas 50 (a) (6) &amp; Texas 50 (f) (2) refinances (Texas Equity Loans) please see <a href="#">section 7.7</a></p> <p><b>Additional Restrictions:</b></p> <ul style="list-style-type: none"> <li>• Minimum loan amount is \$1 above the conforming loan limits</li> <li>• Declining markets – see <a href="#">section 11.9</a></li> </ul>
<b>4.6 DTI Ratio</b>	<ul style="list-style-type: none"> <li>• 49.99% max DTI for all transactions</li> </ul>
<b>4.7 Geography</b>	<p><b>The following U.S. States and territories are not eligible:</b></p> <ul style="list-style-type: none"> <li>• Guam, Puerto Rico, and US Virgin Islands not allowed</li> </ul>
<b>4.8 Minimum Loan Amounts</b>	<ul style="list-style-type: none"> <li>• \$1 over conforming loan limit <ul style="list-style-type: none"> <li>◦ New York state must be \$1 over current high balance loan limit</li> </ul> </li> </ul>
<b>4.9 Maximum Cash Out</b>	<ul style="list-style-type: none"> <li>• Follow AUS Findings</li> </ul>
<b>Section 5 – Borrower Eligibility</b>	
<b>5.1 Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. Citizens</li> <li>• Permanent Resident Aliens – see <a href="#">section 5.3</a></li> <li>• Non-Permanent Resident Aliens – see <a href="#">section 5.4</a></li> <li>• First time homebuyers allowed</li> <li>• Non-Occupant Co-Borrower <ul style="list-style-type: none"> <li>◦ May or may not have an ownership interest in the subject property as indicated on title</li> </ul> </li> <li>• Inter Vivos Revocable Trust – see <a href="#">section 5.6</a></li> <li>• All borrowers must have a valid Social Security Number</li> </ul>

<p><b>5.2 Ineligible Borrowers</b></p>	<ul style="list-style-type: none"> <li>• Foreign Nationals</li> <li>• Borrowers with diplomatic status</li> <li>• Life Estates</li> <li>• Non-Revocable Trusts</li> <li>• Guardianships</li> <li>• LLCs, Corporations or Partnerships</li> <li>• Land Trusts</li> <li>• Borrowers with any ownership in a business that is federally illegal, regardless of if the income is not being considered for qualifying</li> </ul>
<p><b>5.3 Permanent Resident Aliens</b></p>	<p>A Permanent Resident Alien is a non-US citizen who is legally eligible to maintain permanent residency in the US and holds a Permanent Resident card. Document legal residency with one (1) of the following:</p> <ul style="list-style-type: none"> <li>• A valid and current Permanent Resident Alien card (form I-551) also known as a green card</li> <li>• A passport stamped "processed for I-551, Temporary evidence of lawful admission for permanent residence. Valid until _____."</li> <li>• Borrower must be employed in the US for the past twenty-four (24) months</li> </ul>
<p><b>5.4 Non-Permanent Resident Aliens</b></p>	<p>A Non-Permanent Resident Alien is a non-US citizen who lawfully enters the US for a specific time period under the terms of a Visa. A Non-Permanent Resident Alien status may or may not permit employment</p> <p><b>Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions:</b></p> <ul style="list-style-type: none"> <li>• Primary residence only</li> <li>• No other financed properties in the US</li> <li>• Verification of a valid and eligible visa that allows the Non-Permanent Resident Alien the right to work and live in the US issued by the USCIS is required <ul style="list-style-type: none"> <li>◦ Eligible Visa types for Jumbo loans: Unexpired H1B, H2B, E1, L1 and G Series Visas. G Series Visas must not allow for diplomatic immunity</li> </ul> </li> <li>• Credit tradeline requirements must be met, no exceptions</li> <li>• Borrower must have a current twenty-four (24) month employment history in the US</li> </ul>

<p><b>5.5 Forms of Ownership</b></p>	<p><b>Acceptable Forms of Ownership:</b></p> <ul style="list-style-type: none"> <li>• Fee Simple with title vesting as: <ul style="list-style-type: none"> <li>◦ Individual</li> <li>◦ Joint Tenants</li> <li>◦ Tenants in Common</li> <li>◦ Deed/Resale Restrictions must meet Fannie Mae requirements</li> </ul> </li> </ul>
<p><b>5.6 Inter-Vivos Revocable Trusts</b></p>	<p>An inter vivos revocable trust is a trust that an individual creates during their lifetime, becomes effective during their lifetime, and can be changed or canceled at any time for any reason, during their lifetime</p> <p>Orion Lending will accept inter vivos revocable trusts as an eligible borrower for the following:</p> <ul style="list-style-type: none"> <li>• 1-2-unit owner-occupied primary residences</li> <li>• 1-unit second homes and</li> <li>• 1-4 unit investment properties.</li> <li>• Eligible Property Types: <ul style="list-style-type: none"> <li>◦ Single-family residence, condominium, or PUD</li> <li>◦ Title insurance must provide full title insurance coverage without exceptions for the trust or trustees for the inter vivos revocable trust in that state</li> </ul> </li> <li>• <b>To determine whether the trust meets all the criteria required by State and investor standards, one (1) of the following will be required:</b> <ul style="list-style-type: none"> <li>◦ A copy of the trust agreement</li> <li>◦ An attorney's opinion stating the trust meets all Secondary Marketing requirements as set forth by Freddie Mac (FHLMC) or Fannie Mae (FNMA), as applicable, and any applicable State requirements</li> <li>◦ Certification from a title company evidencing compliance with all Secondary Marketing requirements as set forth by FHLMC/FNMA and any applicable State requirements</li> <li>◦ Certification from an individual trustee evidencing compliance with all Secondary Marketing requirements as set forth by FHLMC/FNMA, and any applicable State requirements. Additionally, the following requirements must be met:</li> <li>◦ Certifications completed by an individual trustee must be notarized.</li> </ul> </li> <li>• <b>Trust certifications must meet Orion Lending's requirements as per the <a href="#">Closing in a Trust Policy</a></b></li> </ul>

Section 6 – Occupancy	
<b>6.1 Owner Occupied</b>	<p>An owner-occupied primary residence is a 1–2-unit dwelling that is occupied by the borrower as their principal residence</p> <ul style="list-style-type: none"> <li>• A property will not be considered a primary residence unless at least one of the borrowers occupies all or part of the subject property as a primary residence within 60 days of the Note Date</li> <li>• Refinance – The borrower must occupy the subject property at the time of the transaction for existing properties. For construction-to-permanent transactions, borrower must occupy within sixty (60) days of closing</li> </ul>
<b>6.2 Second Home</b>	<p>A second home or vacation home is a one-unit dwelling owned and occupied by the borrower for his or her exclusive use and enjoyment</p> <p><b>The following define a second/vacation home:</b></p> <ul style="list-style-type: none"> <li>• Must be a reasonable distance away from borrower’s primary residence <ul style="list-style-type: none"> <li>◦ There are no specific mileage requirements regarding the distance between a second home and primary residence, but it should make sense that the subject is a second home</li> </ul> </li> <li>• Must be occupied by the borrower for some portion of the year</li> <li>• Must be suitable for year-round use</li> <li>• Must not be subject to a rental agreement and borrower must have exclusive control over the property</li> <li>• Any rental income received on the property cannot be used as qualifying income</li> <li>• 2–4-unit properties are not eligible</li> <li>• The borrower should retain exclusive control over the property and not give the management company control</li> </ul>
<b>6.3 Investment</b>	<ul style="list-style-type: none"> <li>• Not Allowed</li> </ul>
Section 7 – Transaction Eligibility	
<b>7.1 Purchase</b>	<ul style="list-style-type: none"> <li>• Proceeds from the mortgage loan may not be used to give the applicant cash back other than an amount representing reimbursement for the applicant’s overpayment of fees and/or a legitimate pro-rated insurance premiums and real estate tax credit in locales where real estate taxes are paid in arrears, if any</li> <li>• The Closing Disclosure must clearly indicate the reimbursement of borrower funds. Documentation is required to support payment from an acceptable source that was paid outside of closing to be eligible for a refund</li> </ul>

<p><b>7.2 Rate/Term Refinance</b></p>	<ul style="list-style-type: none"> <li>• The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items <ul style="list-style-type: none"> <li>◦ The transaction is being used to obtain a new first mortgage secured by the same property to pay off an existing first mortgage (including an existing HELOC in first-lien position); or</li> <li>◦ Pay off an existing construction loan and documented construction cost overruns that were incurred outside of the interim construction financing for two-closing construction-to-permanent loans. (These construction cost overruns must be paid directly to the builder at closing.); or</li> <li>◦ Pay for construction costs to build the home for single-closing construction-to-permanent loans, which may include paying off an existing lot lien</li> <li>◦ Maximum Cash back to borrower per FNMA</li> </ul> </li> <li>• <b>At least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application. Exceptions are allowed if:</b> <ul style="list-style-type: none"> <li>◦ The borrower acquired the property through an inheritance or was legally awarded the property (such as through a divorce, separation, or dissolution of a domestic partnership); or</li> <li>◦ The property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust</li> <li>◦ See <a href="#">section 7.4</a> Continuity of Obligation for additional permissible exceptions</li> </ul> </li> </ul>
<p><b>7.3 Cash-Out Refinance</b></p>	<ul style="list-style-type: none"> <li>• At least one borrower must have been on title for at least for six months prior to the disbursement date of the new loan <ul style="list-style-type: none"> <li>◦ If the property is owned free and clear and six (6) month seasoning is not met, refer to Delayed Purchase Refinancing <a href="#">section 7.5</a></li> </ul> </li> <li>• The transaction must be used to pay off existing mortgage loans by obtaining a new first mortgage secured by the same property, or be a new mortgage on a property that does not have a mortgage lien against it (the borrower owns the property free and clear at the time of refinance)</li> <li>• If an existing first mortgage is being paid off through the transaction, it must be at least 12 months old at the time of refinance, as measured by the note date of the existing loan to the note date of the new loan <ul style="list-style-type: none"> <li>◦ This requirement does not apply to any existing subordinate liens being paid off through the transaction, or</li> <li>◦ When buying out a co-owner pursuant to a legal agreement</li> <li>◦ See <a href="#">section 7.4</a> Continuity of Obligation for additional permissible exceptions</li> </ul> </li> </ul>

<p><b>7.4 Continuity of Obligation</b></p>	<p><b>Continuity of Obligation:</b></p> <p>At least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation is met</p> <p>If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:</p> <ul style="list-style-type: none"> <li>• The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets one of the following requirements: <ul style="list-style-type: none"> <li>◦ Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or</li> <li>◦ Is related to the borrower on the mortgage being refinanced</li> </ul> </li> <li>• The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction</li> <li>• The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership</li> <li>• The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> <li>◦ Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer, and</li> <li>◦ The transferring entity and/or borrower has had consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.</li> </ul> </li> <li>• <b>NOTE:</b> Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement</li> </ul>
<p><b>7.5 Delayed Financing Refinance</b></p>	<p><b>Delayed Purchase Refinancing is allowed with the following requirements:</b></p> <ul style="list-style-type: none"> <li>• Follow FNMA seller guide and AUS findings <ul style="list-style-type: none"> <li>◦ LTV/CLTV/HCLTV for Rate/Term refinance must be met. The loan is treated as a Rate/Term refinance except for primary residence in Texas</li> </ul> </li> </ul>

## **7.6 Subordinate Financing**

- **Institutional Financing only**
  - Seller subordinate financing not allowed
  - The following are acceptable subordinate financing types:
    - Mortgage terms with interest at market rate
    - Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization
- **Employer subordinate financing is allowed with the following requirements:**
  - Employer must have an Employee Financing Assistance Program in place
  - Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date
  - Financing may be structured in any of the following ways:
    - Fully amortizing level monthly payments
    - Deferred payments for some period before changing to fully amortizing payments
    - Deferred payments over the entire term
    - Forgiveness of debt over time
    - Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien
- LTV/CLTV/HCLTV guidelines must be met with subordinate financing included
- Subordinate liens must be recorded and clearly subordinate to the first mortgage lien

**7.7 Texas Equity  
Loans Section 50  
(a)(6)**

- The following restrictions and requirements applicable to Texas Equity Loans
  - Single-unit principal residence designated as the borrower's homestead under Texas law
    - **Eligible property types are limited to:**
      - Attached or detached dwelling
      - A unit in a PUD project, or a unit in a condominium project
  - Owner occupied primary residences only. Documented proof of Homestead Designation is required
  - 2-4-unit properties not allowed
  - Eligible Programs – 20, 25 and 30-Year Fixed Rate Only
  - Maximum LTV/CLTV – 80%
- Non-borrowing spouse - The owner of the homestead and their spouse must consent to the extension of credit by executing the Deed of Trust. A non-borrowing spouse, regardless of their ownership interest in the homestead property, has the right to cancel.
- Property Valuation - The appraisal for the property must not include any property other than the homestead
  - Survey (or other acceptable evidence) is required and must demonstrate that:
    - Homestead property and any adjacent land are separate parcels, and
    - Homestead property is a separately platted and subdivided lot for which full ingress and egress is available
  - **Additional Restrictions and Requirements**
    - Fees and charges to make the loan may not exceed 2% of the loan amount. The following fees and charges can be excluded from the testing:
      - Bona Fide Discounts to lower the rate selected
      - Appraisal Fee
      - Survey Fee
      - Lender's Title Policy
    - The borrower's first payment must be due no later than two (2) months after closing
    - The lender must provide the title company with a detailed closing instruction letter and require acknowledgement of its receipt
    - If this loan is being used to pay off a previous Texas Equity Loan, the loan may not close before twelve (12) months have passed from the closing date of the Texas Equity Loan being paid off
    - If the new loan is a Texas Equity Loan originated to cure a failure in the original mortgage to comply with Section 50(a)(6), then the Texas law requirement that at least twelve (12) months have passed since any previous Texas Home Equity loan secured by a homestead property was closed does not apply
    - The loan may not close before twelve (12) days after the loan application was taken by the lender or the borrower receives the "NOTICE CONCERNING EXTENSIONS OF CREDIT DEFINED BY SECTION 50(a)(6), ARTICLE XVI, TEXAS CONSTITUTION" disclosure, whichever date is later AND may not close, without the borrower's consent, one (1) business day after the date on which the borrower receives a copy of the loan application, if not previously provided, and a final itemized disclosure of the actual fees, points, interest, costs and charges that will be charged at closing
    - The loan may only close at the office of the lender, title company or an attorney at law
    - Power of Attorney may not be used on a Texas Equity Loan



<p><b>7.8 Non-Arm's Length</b></p>	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party. The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> <li>• Family sales or transfers</li> <li>• Property seller acting as their own real estate agent</li> <li>• Relative of the property seller acting as the seller's real estate agent</li> <li>• Borrower acting as their own real estate agent</li> <li>• Relative of the borrower acting as the borrower's real estate agent</li> <li>• Originator is related to the borrower</li> <li>• Originator is a current subsidiary of the builder</li> <li>• Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord)</li> <li>• Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity</li> <li>• Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party contribution limitations</li> </ul>
<p><b>7.9 Ineligible Transactions</b></p>	<ul style="list-style-type: none"> <li>• <b>Higher-Priced Mortgage Loans (HPML)</b></li> <li>• <b>Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption)</b></li> <li>• Non-Standard to Standard Refinance Transactions (ATR Exempt)</li> <li>• Balloons</li> <li>• Graduated Payments</li> <li>• Interest Only Products</li> <li>• Loans with Prepayment Penalties</li> <li>• All ARMs</li> <li>• Investment Properties</li> </ul>
<p><b>7.10 Construction to Permanent Financing</b></p>	<ul style="list-style-type: none"> <li>• Follow FNMA/FHLMC Seller Guide and AUS Findings <ul style="list-style-type: none"> <li>○ One -Time Close Transactions not allowed</li> </ul> </li> </ul>

## Section 8 – Credit Eligibility

<b>8.1 Credit Report Detail</b>	<ul style="list-style-type: none"> <li>• A tri-merged in file credit report from all three repositories is required</li> <li>• Rapid rescore of credit is not allowed</li> <li>• All inquiries that have taken place within 90 days of the credit report date must be explained by the borrower and documented accordingly</li> <li>• Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required</li> </ul>
<b>8.2 Credit Scores</b>	<p><b>The following criteria should be used to determine each individual borrower's credit score:</b></p> <ul style="list-style-type: none"> <li>• Borrower with three (3) valid credit scores for a borrower, the middle score of the three (3) scores is used</li> <li>• Borrower with two (2) valid scores for a borrower, the lower of the two (2) scores is used</li> <li>• A minimum of two (2) credit scores for each borrower is required</li> <li>• The representative score for the loan transaction will be based on the lowest representative score for any borrower</li> </ul>
<b>8.3 Minimum Tradeline Requirements</b>	<ul style="list-style-type: none"> <li>• <b>Follow FNMA/FHLMC Seller Guide and AUS Findings</b> <ul style="list-style-type: none"> <li>◦ Authorized user accounts are not allowed as an acceptable tradeline</li> <li>◦ Non-traditional credit is not allowed as an acceptable tradeline</li> </ul> </li> </ul>
<b>8.4 Mortgage History Requirements</b>	<ul style="list-style-type: none"> <li>• <b>For all borrowers on the loan, where a 12-month mortgage history exists, the following is required:</b> <ul style="list-style-type: none"> <li>◦ 0 X 30 X 12 <ul style="list-style-type: none"> <li>▪ Must be current as of Note Date</li> </ul> </li> </ul> </li> <li>• <b>If the mortgage holder is a party to the transaction or relative of the borrower:</b> <ul style="list-style-type: none"> <li>◦ Cancelled checks or</li> <li>◦ Bank statements to verify satisfactory mortgage history is required</li> </ul> </li> </ul>
<b>8.5 Rental History Requirements</b>	<ul style="list-style-type: none"> <li>• <b>For all borrowers on the loan, where a 12-month rental history exists, the following is required:</b> <ul style="list-style-type: none"> <li>◦ VOR with 0 X 30 X 12</li> </ul> </li> <li>• <b>Living Rent Free</b> <ul style="list-style-type: none"> <li>◦ Borrower(s) living rent free must provide a rent-free letter signed by the property owner/or tenant, including dates of occupancy</li> </ul> </li> <li>• <b>If the landlord is a party to the transaction or relative of the borrower:</b> <ul style="list-style-type: none"> <li>◦ Cancelled checks or</li> <li>◦ Bank statements to verify satisfactory rent history is required</li> </ul> </li> <li>• If not related or a party to the transaction a satisfactory VOR can be provided</li> </ul>

<b>8.6 Derogatory Credit</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>8.7 Foreclosure, Loss Mitigation, and Bankruptcy</b>	<ul style="list-style-type: none"> <li><b>Foreclosure:</b> <ul style="list-style-type: none"> <li>Seven (7) years prior to Note Date</li> </ul> </li> <li><b>Loss Mitigation:</b> <ul style="list-style-type: none"> <li>Seven (7) years prior to Note Date <ul style="list-style-type: none"> <li>Loss Mitigation includes non-foreclosure actions such as Deed-in-lieu, Short Sale, NOD, Short Refinance, Pre-Foreclosure Sale, Loan Extension, Loan Modification, Forbearance and Charge-off</li> </ul> </li> </ul> </li> <li><b>Chapter 7, Chapter 11, &amp; Chapter 13:</b> <ul style="list-style-type: none"> <li>Seven (7) years from the discharge/dismissal date to Note date <ul style="list-style-type: none"> <li>Consumer Credit Counseling Service (CCCS) is considered the same as Chapter 13 bankruptcy</li> </ul> </li> </ul> </li> <li><b>Loan Modification:</b> <ul style="list-style-type: none"> <li>Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply</li> <li><b>If the modification was due to hardship or included debt forgiveness:</b> <ul style="list-style-type: none"> <li>Seven (7) years since modification is required</li> </ul> </li> </ul> </li> <li><b>Multiple derogatory credit events not allowed</b> <ul style="list-style-type: none"> <li>Credit events seasoned more than 10 years do not need to be considered</li> </ul> </li> </ul>
<b>8.8 Forbearance</b>	<ul style="list-style-type: none"> <li><b>Past Mortgage Forbearances:</b> <ul style="list-style-type: none"> <li>Allowable six months after the end of the forbearance period</li> <li>Borrower made all the monthly payments during forbearance</li> <li>Borrower did not utilize the forbearance terms to skip any payments, and</li> <li>Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance</li> </ul> </li> </ul>
<b>8.9 Medical Collections</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>8.10 Adverse Credit</b>	<ul style="list-style-type: none"> <li><b>Outstanding Judgments/Tax Liens/Charge-offs/Past-Due Accounts:</b> <ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul> </li> </ul>

<b>8.11 Paying Off Debt</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>8.12 Disputed Accounts</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>8.13 Income Tax Payment Plans</b>	<ul style="list-style-type: none"> <li>If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority <ul style="list-style-type: none"> <li>Evidence of sufficient liquid assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date or if tax transcripts show an outstanding balance due</li> </ul> </li> <li><b>A payment plan for the most recent tax year is allowed if the following requirements are met:</b> <ul style="list-style-type: none"> <li>Payment plan was set up at the time the taxes were due. Copy of payment plan must be included in loan file</li> <li>Payment is included in the DTI</li> <li>Satisfactory pay history based on terms of payment plan is provided</li> <li>Payment plan is only allowed for taxes due for most recent tax year, prior years not allowed</li> <li>Borrower does not have a prior history of tax liens</li> </ul> </li> </ul>
<b>8.14 Liabilities</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>8.15 HELOC</b>	<ul style="list-style-type: none"> <li>The total line limit amount to be included in the HCLTV</li> <li>HELOCs with a current outstanding balance with no payment reflected on the credit report, the payment must be documented with a current billing statement. <ul style="list-style-type: none"> <li>HELOCs with a current \$0 balance do not need a payment included in the DTI unless using for down payment or closing costs</li> </ul> </li> <li>If subject transaction is paying off a HELOC that is not included in the CLTV/ HCLTV calculation, the loan file must contain evidence the HELOC has been closed</li> </ul>
<b>8.16 Student Loans</b>	<p><b>For all student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's monthly debt obligation</b></p> <ul style="list-style-type: none"> <li>If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying</li> <li>If the credit report does not provide a monthly payment or if it shows \$0 as the monthly payment, the monthly payment may be one of the options below: <ul style="list-style-type: none"> <li>Loan payment indicated on student loan documentation verifying monthly payment is based on an income-driven plan</li> <li>For deferred loans or loans in forbearance: <ul style="list-style-type: none"> <li>1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) or</li> <li>A fully amortizing payment using the documented loan repayment terms</li> </ul> </li> </ul> </li> </ul>
<b>8.17 Departing Residence</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>

## Section 9 – Income Documentation

<b>9.1 W2 Income Documentation</b>	<ul style="list-style-type: none"> <li>Income documented per DU Findings</li> </ul>
<b>9.2 Self-Employed Income Documentation</b>	<ul style="list-style-type: none"> <li><b>The requirements below apply for Self-Employed borrowers:</b> <ul style="list-style-type: none"> <li>Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91 or equivalent income calculation form</li> </ul> </li> <li><b>Documentation of Self-Employed Income:</b> <ul style="list-style-type: none"> <li>1-2 years signed 1040s and K-1's depending on AUS findings</li> <li><b>If one year is required per AUS findings the following requirements apply:</b> <ul style="list-style-type: none"> <li>Signed 1040s and Business Tax Returns for the most recent year</li> <li>Confirm the tax returns reflect at least 12 months of self-employment income</li> </ul> </li> </ul> </li> <li><b>Verification of Self-Employed Income:</b> <ul style="list-style-type: none"> <li>Verify the existence of the borrower's business within 120 calendar days prior to the note date</li> </ul> </li> <li><b>YTD Profit &amp; Loss Statement:</b> <ul style="list-style-type: none"> <li>Year-to-Date Profit &amp; Loss is only required if self-employment income is the primary income source used to qualify <ul style="list-style-type: none"> <li>Profit and Loss is not required for Secondary Self Employment</li> </ul> </li> <li>Year-to-date is defined as the period ending as of the most recent tax return through the most recent quarter ending one (1) month prior to the Note date. <ul style="list-style-type: none"> <li>For tax returns on extension the entire unfiled year is also required</li> </ul> </li> <li>If the Year-to-Date profit &amp; loss statements reflects a downward income trend, the lower income reporting on the YTD Profit &amp; Loss must be used for qualification</li> <li>May be either audited or unaudited. CPA prepared, or borrower prepared is acceptable</li> </ul> </li> <li>YTD P &amp; L is required for current year to date if Note date is on or after April 30<sup>th</sup></li> <li>YTD P &amp; L may be omitted if the following criteria are met: <ul style="list-style-type: none"> <li>Two (2) years tax returns are provided, and no declining income is present</li> <li>If Note date is after April 15<sup>th</sup>, P&amp;L may only be omitted if most recent tax year return is filed. If extension is filed, then YTD P&amp;L for prior year is required and depending on Note date, current YTD P&amp;L may also be required.</li> </ul> </li> <li><b>Secondary Self-Employment Income:</b> <ul style="list-style-type: none"> <li>Business income reported on a borrower's individual income tax returns is not required to be used in qualification if Orion Lending is only using income that is not derived from self-employment and self-employment is a secondary and separate source of income</li> <li>Secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> <li>Examples of income not derived from self-employment include salary and retirement income</li> </ul> </li> </ul> </li> <li><b>Income from Self-Employed Co-Borrower:</b> <ul style="list-style-type: none"> <li>When co-borrower income is derived from self-employment is not being used for qualifying purposes, additional documentation or evaluation of the co-borrower's self-employment income is not required</li> <li>Co-borrower self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required</li> </ul> </li> <li><b>K1 income that has not been distributed must meet liquidity test per FNMA</b></li> </ul>

<b>9.3 Verification of Employment</b>	<p><b>Verification of Employment Requirements:</b></p> <ul style="list-style-type: none"> <li>• <b>Requirements below apply when income is positive and included in qualifying income:</b> <ul style="list-style-type: none"> <li>○ Verbal Verification of Employment (VVOE) must be performed no more than ten (10) business days prior to the Note date</li> <li>○ Fannie Mae Verification of Employment alternatives allowed for non-self-employed borrowers</li> <li>○ Verification of the existence of borrower's self-employment must be verified through a third-party source and <b>no more than one hundred and twenty (120) calendar days</b> prior to the Note date <ul style="list-style-type: none"> <li>▪ Third party verification can be from a CPA, regulatory agency or applicable licensing bureau. A borrower's website is not acceptable third-party source</li> <li>▪ Listing and address of the borrower's business</li> <li>▪ Name and title of person completing the verification and date of verification</li> </ul> </li> <li>○ Written VOEs cannot be used as a sole source for verification of employment, paystubs and W-2s are still required</li> </ul> </li> </ul>
<b>9.4 Declining Income</b>	<ul style="list-style-type: none"> <li>• <b>Declining Income:</b> <ul style="list-style-type: none"> <li>○ When the borrower has declining income, the most recent twelve (12) months must be used unless: <ul style="list-style-type: none"> <li>▪ An average of income for a longer period may be used when the decline is related to a one-time capital expenditure and proper documentation is provided</li> </ul> </li> <li>○ In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay</li> <li>○ The employer or the borrower must provide an explanation for the decline, and</li> <li>○ The underwriter must provide a written justification for including the declining income in qualifying</li> </ul> </li> </ul>
<b>9.5 Gaps in Employment</b>	<ul style="list-style-type: none"> <li>• <b>Gaps in Employment:</b> <ul style="list-style-type: none"> <li>○ Refer to AUS findings</li> </ul> </li> </ul>
<b>9.6 Borrowers Employed by Family</b>	<ul style="list-style-type: none"> <li>• <b>Borrowers employed by Family must provide the following:</b> <ul style="list-style-type: none"> <li>○ YTD paystub</li> <li>○ Two (2) years W-2s and</li> <li>○ Two (2) years personal tax returns with two (2) years tax transcripts</li> <li>○ Statement from the CPA, Accountant, or Tax Preparer must be provided to verify the borrower's potential ownership</li> </ul> </li> </ul>
<b>9.7 Restricted Stock and Stock Options</b>	<ul style="list-style-type: none"> <li>• Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.8 Capital Gains</b>	<ul style="list-style-type: none"> <li>• Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>

<b>9.9 Disability Income – Long Term</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.10 Dividends and Interest Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.11 Foreign Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.12 Non-Taxable Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.13 Note Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.14 Projected Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.15 Asset Depletion</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.16 Rental Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings (includes Short Term or seasonal)</li> </ul>
<b>9.17 Rental Income - Departing Primary Residence</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.18 Retirement Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.19 Social Security Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.20 Temporary Leave Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.21 Trust Income</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> <li><b>Copy of trust agreement or trustee statement showing:</b> <ul style="list-style-type: none"> <li>Total amount of borrower designated trust funds</li> <li>Terms of payment</li> <li>Duration of trust</li> <li>Evidence the trust is irrevocable</li> </ul> </li> <li>Income from the trust may be used if guaranteed and regular payments will continue for at least three (3) years           <ul style="list-style-type: none"> <li>Trust income recently established requires a minimum of one-month receipt</li> </ul> </li> </ul>

<b>9.22 Alimony/Child Support/Separate Maintenance</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>9.23 4506C and Tax Transcripts</b>	<ul style="list-style-type: none"> <li>A 4506-C must be processed and tax transcripts for personal and business returns where income is being used to qualify</li> <li><b>When tax transcripts are not available from the IRS:</b> <ul style="list-style-type: none"> <li>The request must reflect "No Record Found"</li> <li>An additional prior year's tax transcripts are required</li> <li>Evidence of filing for most recent tax year, and</li> <li>Proof taxes have been paid if applicable or a refund have been issued</li> </ul> </li> <li>Large increases in income that cannot be validated with a transcript will be considered on a case-by case basis only <ul style="list-style-type: none"> <li>Follow Orion Lending's Guidance for New Income/New Employment documentation requirements</li> </ul> </li> </ul>
<b>9.24 Ineligible Income</b>	<ul style="list-style-type: none"> <li>Contributions or support from family members (other than alimony/child support)</li> <li>Deferred income not presently available</li> <li>Educational benefits</li> <li>Illegal income</li> <li>One-time capital gains (continuing capital gains is an acceptable source of income)</li> <li>Room rents</li> <li>Refund of federal or state income tax</li> <li>Rental income on a second home, accessory unit or an ineligible second unit</li> <li>Reimbursable income</li> <li>Gambling winnings/Internet gambling earnings</li> <li>Automobile allowances (used to offset the auto payment only)</li> <li>Trailing spouse Income</li> <li>Non-qualified and non-vested stock options</li> <li>Per diem income</li> <li>Retained earnings</li> <li>Unverified sources</li> <li>Income from a business that is illegal</li> <li>Mortgage credit certificates</li> <li>Mortgage differential payments</li> <li>Unemployment benefits</li> <li>Boarder Income</li> </ul>
<b>Section 10 – Assets, Source of Funds, &amp; Reserves</b>	
<b>10.1 Borrower Required Funds</b>	<ul style="list-style-type: none"> <li>Two (2) month bank statement or statements to cover sixty (60) days</li> <li>Standalone VODs are not allowed</li> <li>Eligible assets must be held in a US account</li> </ul>
<b>10.2 Large Deposits</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> <li>Any positive rental income is disregarded for the income calculation and can only be used to offset the payment</li> </ul>



<b>10.3 Acceptable Asset types</b>	<ul style="list-style-type: none"><li>• <b>Checking, Savings, Money Market, CDs</b><ul style="list-style-type: none"><li>◦ 100%</li></ul></li><li>• <b>Publicly Traded Stocks, Bonds, or Mutual Funds</b><ul style="list-style-type: none"><li>◦ 100%</li></ul></li><li>• <b>Retirement Accounts (401(k), IRAs etc.)</b><ul style="list-style-type: none"><li>◦ If borrower is &gt;59 ½, then 70% of the vested value after the reduction of any outstanding loans</li><li>◦ If borrower is &lt;59 ½, then 60% of the vested value after the reduction of any outstanding loans</li></ul></li><li>• <b>Cash Value of Life Insurance/ Annuities</b><ul style="list-style-type: none"><li>◦ 100% of value unless subject to penalties</li></ul></li></ul>														
<b>10.4 Business Funds</b>	<ul style="list-style-type: none"><li>• Follow FNMA/FHLMC Seller Guide and AUS Findings</li></ul>														
<b>10.5 Gift Funds</b>	<ul style="list-style-type: none"><li>• Follow FNMA/FHLMC Seller Guide and AUS Findings</li></ul>														
<b>10.6 Ineligible Assets and Sources of Funds</b>	<ul style="list-style-type: none"><li>• Follow FNMA/FHLMC Seller Guide and AUS Findings</li></ul>														
<b>10.7 Reserves</b>	<table><tr><th>Occupancy</th><th>Loan Amount</th><th># of Months Required</th></tr><tr><td rowspan="2"><b>Primary Residence &amp; Second Home</b></td><td>≤ \$1,000,000</td><td>6</td></tr><tr><td>&gt; \$1,000,000</td><td>12</td></tr><tr><td><b>Additional 1-4 financed REO</b></td><td colspan="2">An additional three (3) months reserves PITIA for each property is required based on the PITIA of the additional REO. If eligible to be excluded from the count of multiple financed properties, reserves are not required</td></tr><tr><td><b>Additional &gt; 4 financed REO</b></td><td colspan="2">An additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO. If eligible to be excluded from the count of multiple financed properties, reserves are not required</td></tr></table> <p><b>NOTE:</b> Borrowed funds (secured or unsecured) are not allowed for reserves</p>	Occupancy	Loan Amount	# of Months Required	<b>Primary Residence &amp; Second Home</b>	≤ \$1,000,000	6	> \$1,000,000	12	<b>Additional 1-4 financed REO</b>	An additional three (3) months reserves PITIA for each property is required based on the PITIA of the additional REO. If eligible to be excluded from the count of multiple financed properties, reserves are not required		<b>Additional &gt; 4 financed REO</b>	An additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO. If eligible to be excluded from the count of multiple financed properties, reserves are not required	
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## Section 11 - Property

### 11.1 Appraisal

- **Purchase Transaction:**
  - Loan amounts ≤ \$2,000,000 – 1 Full Appraisal
- **Refinance Transaction:**
  - Loan amounts ≤ \$1,500,000 – 1 Full Appraisal
  - Loan amounts > \$1,500,000 – 2 Full Appraisals
- **Transferred appraisals are not allowed**
- Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not permitted
- Appraisal Update (Form 1004D)/recertification of value is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note
  - The appraiser must inspect the exterior of the property and provide a photo
  - Appraiser must review current market data to determine whether the property has declined in value since the date of original appraisal. If the value has declined since original appraisal, a new full appraisal is required
  - The appraisal Update (1004D) must be dated within 120 days of the Note date
- **When two (2) appraisals are required, the following applies:**
  - Appraisals must be completed by two (2) independent companies
  - The LTV will be determined by the lower of the two (2) appraised values
  - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled
  - If two (2) appraisals are done "subject to" and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it must be for the appraisal used to determine the value of the transaction

### 11.2 Appraisal Review

- For appraisals receiving a CU/LCA Score ≤ 2.5, no additional appraisal review is required
  - Only include the SSR that meets the required score in the loan file
- For loans not receiving a CU/LCA Score or for scores > 2.5, a CDA is required
  - Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal
    - If the CDA returns a value that is "Indeterminate" or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met:
      - A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation
        - Reconciliation of the three Reports is required
      - The Value Reconciliation will be used for the appraised value of the property
      - A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property
- If two (2) full appraisals are provided, a CDA is not required

<p><b>11.3 Eligible Property Types</b></p>	<ul style="list-style-type: none"> <li>• 1-2 Unit Owner Occupied Properties</li> <li>• 1 Unit Second Homes</li> <li>• Warrantable Condominiums (attached) <ul style="list-style-type: none"> <li>◦ See <a href="#">section 11.4</a> for restrictions</li> </ul> </li> <li>• Condominiums – (detached - including site condominiums) <ul style="list-style-type: none"> <li>◦ No condominium review or condominium warranty is required. Fannie Mae basic requirements apply</li> </ul> </li> <li>• Modular homes</li> <li>• Planned Unit Developments (PUDs)</li> <li>• Properties with ≤40 acres</li> <li>• Properties &gt;10 acres ≤40 acres must meet the following: <ul style="list-style-type: none"> <li>◦ No commercial use allowed</li> <li>◦ No income producing attributes</li> </ul> </li> </ul>
<p><b>11.4 Condominiums</b></p>	<ul style="list-style-type: none"> <li>• Condominiums – Attached – Warrantable- Follow Fannie Mae Condo Warrantability requirements <ul style="list-style-type: none"> <li>◦ <b>Limited review allowed for attached units in established condominium projects:</b> <ul style="list-style-type: none"> <li>▪ Eligible transactions as per Fannie Mae guidelines</li> <li>▪ Projects located in Florida are not eligible for limited review</li> </ul> </li> <li>◦ CPM allowed</li> <li>◦ Condominium documents to support condominium eligibility review must be no older than 120 days from Note date</li> <li>◦ Non-warrantable condos not allowed</li> </ul> </li> </ul>
<p><b>11.5 Flipped Properties</b></p>	<ul style="list-style-type: none"> <li>• For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply: <ul style="list-style-type: none"> <li>◦ Second full appraisal is required</li> <li>◦ Property seller on the purchase contract is the owner of record</li> <li>◦ Increases in value should be documented with commentary from the appraiser and recent paired sales</li> </ul> </li> <li>• The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu</li> </ul>

<b>11.6 Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• 2–4-unit second home properties</li> <li>• 3–4-unit owner occupied properties</li> <li>• Investment Properties</li> <li>• Condotels / Condo Hotels</li> <li>• Co-Ops</li> <li>• Manufactured Homes/Mobile Homes</li> <li>• Mixed-Use Properties</li> <li>• Model Home Leasebacks</li> <li>• Non-Warrantable Condominiums</li> <li>• Properties with condition rating of C5/C6</li> <li>• Properties with construction rating of Q6</li> <li>• Properties located in Hawaii in lava zones 1 &amp; 2</li> <li>• Properties located in areas where a valid security interest in the property cannot be obtained</li> <li>• Properties &gt;40 acres</li> <li>• Leasehold Properties</li> <li>• Solar panels that will include a formal Deed Restriction tied to borrower access to equipment</li> <li>• Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant</li> <li>• Tenants-in-Common projects (TICs)</li> <li>• Unique properties</li> <li>• Working farms, ranches, or orchards</li> </ul>
<b>11.7 Properties Listed for Sales</b>	<ul style="list-style-type: none"> <li>• Properties currently listed for sale (at the time of application) are not eligible for refinance transactions</li> </ul>
<b>11.8 Properties Located in a Disaster Area</b>	<ul style="list-style-type: none"> <li>• For properties located in a FEMA declared disaster area a re-inspection is required to be performed by the original appraiser or another licensed appraiser <ul style="list-style-type: none"> <li>◦ A written certification is required from the appraiser to confirm that the property value has not been impacted by the disaster</li> </ul> </li> </ul> <p>For FEMA declared natural disasters, the inspections must be dated after the disaster end date is declared by FEMA. <a href="https://inciweb.nwcg.gov">https://inciweb.nwcg.gov</a></p>
<b>Section 12 – Miscellaneous Guideline Requirements</b>	
<b>12.1 Recasting/Re-amortizing</b>	<ul style="list-style-type: none"> <li>• Not Allowed</li> </ul>
<b>12.2 Assumability</b>	<ul style="list-style-type: none"> <li>• Not allowed</li> </ul>
<b>12.3 Escrow Holdbacks</b>	<ul style="list-style-type: none"> <li>• Not allowed</li> </ul>
<b>12.4 Temporary Buydown</b>	<ul style="list-style-type: none"> <li>• Temporary buydown mortgage loans are not eligible</li> </ul>

<b>12.5 Prepayment Penalties</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>12.6 Power Of Attorney</b>	<p>Subject to FNMA requirements and restrictions listed below:</p> <ul style="list-style-type: none"> <li><b>Restrictions on the Use of a Power of Attorney. Except as required by applicable law, the following restrictions apply:</b> <ul style="list-style-type: none"> <li>Borrower(s) must sign at least the initial or final 1003</li> <li>POAs not allowed on Cash-Out transactions</li> <li>POAs not allowed on Texas Section 50 (a) (6) transactions</li> </ul> </li> </ul>
<b>12.7 Interested Party Contributions</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>12.8 Personal Property</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>12.9 Solar Panels</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul>
<b>12.10 Hero/Pace</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>12.11 Lien Position</b>	<ul style="list-style-type: none"> <li>UCC filings, private transfer covenants, mechanics liens, and other items that would impact title, marketability, or foreclosure are not allowed</li> </ul>
<b>12.12 Escrows</b>	<ul style="list-style-type: none"> <li>Flood insurance must be escrowed for properties located in a designated flood zone requiring a flood insurance policy as required under the National Flood Insurance Act of 1968 (as amended) unless the flood premium is documented as paid by a condominium or homeowner's association</li> </ul>
<b>12.13 Taxes and Hazard Insurance</b>	<ul style="list-style-type: none"> <li>The appropriate amount of hazard insurance is determined as the lesser of: <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul> </li> </ul>

<b>12.14 Maximum Financed Properties</b>	<ul style="list-style-type: none"> <li>• The borrower(s) may own an unlimited number of 1–4-unit residential properties when the subject transaction is primary residence</li> <li>• The borrower(s) may own a total of ten (10) financed 1–4-unit residential properties including the subject property when the subject transaction is second home</li> <li>• See <a href="#">section 10.7</a> for reserve requirements</li> <li>• 1–4-unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage</li> <li>• Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation</li> </ul>
<b>12.15 Principal Curtailments</b>	<ul style="list-style-type: none"> <li>• A principal curtailment to the new refinance loan 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</li> <li>• Principal curtailments cannot be used to cure tolerance violations</li> </ul>
<b>12.16 Lock Policy</b>	<ul style="list-style-type: none"> <li>• Per refer to <a href="#">Orion Lending’s website</a> for complete lock policy</li> <li>• Loan amount variance &gt; (10%) ten percent from the locked loan amount will result in worst case pricing</li> </ul>