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## Overview

This guide provides partners with a clear overview of AD Mortgage's underwriting guidelines across our product suite. It clarifies guideline interpretations and key underwriting considerations to ensure efficient and accurate deal submissions.

## Fannie Mae Guidelines

For FNMA guidelines, please [click here](#).

## Freddie Mac Guidelines

For FHLMC guidelines, please [click here](#).





# **AD Mortgage Additional Guideline Requirements**

## **Income**

### **Future Income**

Future income will only be accepted from well-established corporations.

See [Exhibit 2](#) for Future Income parameters.

### **Amended Tax Returns**

Amended Tax Returns will not be considered unless both the original and amended returns along with a clear explanation for the changes are provided. Tax Returns that appear to be amended solely to increase income for mortgage qualification will not be accepted.

## **Assets**

### **Delinquent Federal Income Taxes**

If the borrower has delinquent federal income taxes, we must obtain one of the following:

- Evidence of proof of payment,
- Evidence of IRS installment agreement plan and qualify with the monthly payment OR
- Evidence of Record of Account showing no taxes due

### **Gift Funds for Reserves**

Gift funds sent directly to title cannot be used for reserves. Instead, they must be transferred directly to the borrower's account prior to closing.

## **AUS Findings**

### **Manual Underwriting**

Manually underwritten transactions are not permitted on Conventional loans.

## **Escrow Waiver**

An escrow waiver is available up to 95% with no fee for all states except New Mexico (max LTV 80%).



CA – When there is subordinate loans(s), an escrow waiver is only available up to 80% CLTV, per CA Civil Code 2954.

Note: UCC with fixture filing must be included in the CLTV for the qualification of the loan but is not included in the CA Civil Code when applying an escrow waiver.

An escrow waiver is not available if the loan is considered HPML.

## Mortgage Insurance (MI)

The following MI options are ineligible:

- LPMI
- Split MI

## Property

### Escrow Holdback

Escrow holdback is not permitted.

### Ineligible Properties

- Cooperatives

### COO & 1004D on New Construction

The Certificate of Occupancy (COO) can be made a closing condition and the 1004D can be made a post-closing condition for the following builders:

- Lennar
- DR Horton
- Pulte
- GL Homes
- Kolter Homes
- Mattamy Homes
- Taylor Morrison Homes
- JMC Homes
- KB Home

### Attestation Letter

An attestation letter in lieu of 1004D is not permitted by AD Mortgage.



## Native American Reservation

Loans secured by properties located on a Native American Reservation are not allowed.

## Transferred Appraisals

Transferred appraisals with a CU Score greater than 2.5 and Overvaluation Flag will be rejected.

## Properties Held in Leaseholds

All properties held in a leasehold will require an Attorney Opinion Letter to ensure compliance with Fannie Mae and/or Freddie Mac requirements. The letter must validate all investor warranties are met and specify applicable investor.

Leasehold requirements can be found [here](#).

## MLO or Processor as Borrower

Files where the MLO or processor is the borrower or vested on title are prohibited.

## Visa Requirements

Lawful non-permanent resident of the United States legally present in the US are eligible for a mortgage if the following is met:

- Must have a valid Social Security Number (SSN); and
- They have current, verified status, which may be documented by a valid employment authorization document (EAD) showing immigration status/program (if status is unclear, the underwriter can request I-797 to verify borrower's status), or other documentation showing immigration status is current (e.g., Green Card, work visa, etc.).

Documents must be current at the time of the note date. If any document is expired as of the note date, it is acceptable to provide proof of application for renewal documented by the receiving agency (e.g., Filing receipt, letter with case receipt confirmation.)

Borrowers unable to provide evidence of lawful residency status in the U.S. are not eligible for financing.

## Exhibit 1- Visa Requirements

The visa classifications allowed as Non-Permanent Resident Aliens are listed below:

Visa	Valid EAD Card	Description
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# Conventional Underwriting Guidelines

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B1/A3/G5	C17	Non-immigrant domestic servant (VISA and Valid EAD Card must be combined)
BC-1	N	Broadcaster in the US employed by the International Broadcasting Bureau of the Broadcasting Board of Governors
BC-2,3	Y	Spouse, child of BC-1
C-5; C-51	N	Employment creation
C-52-53	C09	Spouse or child of C-5 or C-51
DV- 1,2,3	N	Diversity immigrant, spouse, child
E-1, 2, or spouse of E-1, 2 (the spouse does not get a different number for this category)	A17	Treaty/Trade investor or spouse
E-11/EB-1	N	Person with extraordinary ability in the sciences, arts, education, business or athletics
E-12	N	Outstanding professor or researcher
E-13	N	Multinational executive or manager
E-14 /15	C09	Spouse or child of E11, 12, or 13
E-21	N	Professional holding advanced degree or alien of exceptional ability
E22,23	C09	Spouse, child of E-21
E-3	N	Specialty occupation- Australia
E-31	N	Skilled worker
E-32	N	Professional holding baccalaureate degree
E-34,35	C09	Spouse or child of E31 or 32
EB-5	N	Immigrant Investor
EW-3	N	Other worker
EW-4,4	C09	Spouse or child of EW-3
G-1, 2, 3, 4, 5	N / C04 spouses and children: C04	Employees of international organizations and NATO; spouses and children
H1-B	N	Foreign nationals working in the US in a specialty occupation
H-4	N/A	Spouse or child of H type
I- 5, 51	N	Investor in employment
I-52, 53	C09	Spouse or child of I-51
IH-3, 4	C09	Child adopted or to be adopted by US citizen
L, L-1a and L-1b	N	Intracompany transferees
L-2	N	Dependents of L-1 visa holders

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N/A	A02	Lawful temporary resident pursuant to sections 245a or 210 of the INA (temp. agricultural worker)
N/A	A03	Refugee
N/A	A05 (or Valid SSN Card)	Asylum granted
N/A	A12	Temporary protected status
N/A	A13	IMMACT Family Unity beneficiary
N/A	A14	LIFE Act Family Unity beneficiary
N/A	A11	Deferred Enforced departure
N/A	A10	Granted withholding of Deportation or Removal
N/A	C12	Spouse of an E2 commonwealth of the Northern Mariana Islands investor, eligible for employment. In the CNMI only
N/A	C14	Alien granted deferred action
N/A	C16	Registry applicant
N/A	C19	Temporary Protected status
N/A	C31	Principal beneficiary or qualified child of approved VAWA self-petition
N/A	C33	DACA
N/A	C10	Nicaraguan Adjustment & Central American Relief act
N/A	C08	Asylum applicant, status pending
N/A	C11	An alien paroled into the United States in the public interest or temporarily for emergency reasons
N-8 OR 9	A07	Parent or child of international organization employee granted permanent residence
NATO-1-6	C07	NATO members, staffs, and families for temporary stay
O	N	Extraordinary ability in science, education, the arts, business or athletics
R-1		Religious workers
R-5, 51	N	Investor in pilot program
R-52, 53	C09	Spouse or child of R-51
SD-1	N	Religious workers
SD-2, 3	C09	Spouse or child of SD-1
SE-1	N	Employees or former employees of the US Gov't abroad
SE-2, 3	C09	Spouse or child of SE-1

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SF-1	N	Former employees of the Panama Canal Company or Canal Zone Gov't
SF-2	C09	Spouse or child of SF-1
SG-1	N	Former employees of the US gov't in the Panama Canal Zone
SG-2	Y	Spouse or child of SG-1
SH-1	N/A	Certain former employees of the Panama Canal Company or Canal Zone gov't on 4/1/79
SH-2	C09	Spouse or child of SH-1
SI	N	Interpreters
SJ-1	N	Foreign medical graduate
SJ-2	C09	Spouse or child of SJ-1
SK-1	N	Retired international organization employee
SK-2	C09	Spouse of SK-1
SK-3	C09	Unmarried child of an international organization employee
SK-4	C09	Surviving spouse of deceased international organization employee
SN-1	N	Retired NATO6 civilian
SN-2, 3	C09	Spouse of child of NATO6 civilian employee
SN-4	C09	Surviving spouse of deceased NATO6 civilian employee
SQ	N	Iraqi/Afghans who work on behalf of the US government
SR 2, 3	C09	Spouse or child of SR-1
SR-1	N	Religious workers
T-1-4	A16 OR C25	Victim or spouse or child or parents of victim of human trafficking
T-5, 51	N	Employment creation
T-52, 53	C09	Spouse or child of T-51
TC NAFTA, TN, TD	N	Canadian or Mexican citizens working in the US
U-1-4	A19 OR A20	Victim or family member of victim of criminal activity



## Exhibit 2 – Future Income Parameters

Acceptable Future Employment - \*\*Requires non-contingent employment contract and verified through HR

For those borrowers that do not have any apparent education, training, or experience in the new field of work consider the following:

Large Corporations (500+ employees):	Government & Public Sector:
Amazon	Local/State/Federal Government Agencies
Bank of America	Public School Districts
Home Depot	Police Departments
Delta Airlines	Fire Departments
Microsoft	Public Universities
*List is not all inclusive	USPS
Medical Sector (with formal offer):	Tech/Professional Services (with strong track record):
Hospitals (e.g., Cleveland Clinic, Kaiser Permanente)	Google, IBM, or other large IT firms
Group practices with 10+ doctors	Large accounting or law firms (e.g., Deloitte, PwC)
Residency placements or fellowships with established hospitals	Healthcare IT companies with 500+ employees

### Unacceptable Future Employers

Small Businesses, Local Shops, Independent Contractors:

Local restaurants or food trucks

Family-owned retail stores

Independent gyms or salons

Small contracting firms without formal onboarding

Startups with under 50 employees

1099-based platforms (Uber, DoorDash, Fiverr)

Any employer lacking formal HR infrastructure

Unusually high income for the position or market (e.g., a \$130K salary for a junior-level role in a rural area). Public tools like BLS, Glassdoor, and Salary.com can help benchmark typical salary ranges.

Unusual formatting or content on paystubs/W-2s, including irregular deductions or mismatches with 4506-C transcripts.



## Other Considerations

In addition to considering the size and type of employer, emphasis must also be placed on the borrower's work history. If they have a good two-year work history in the same or similar line of work, that can bear some weight when they are going to start a new position. Additional weight should be given to people who are in a specialized field of work and are staying in those fields. For example, Accountants and Environmental Engineers who have prior experience, training and education in these fields are less likely to take fake jobs but are likely to take new jobs at small firms. Extra consideration should be reviewed for lines of work that are known for frequent job changes. For example, traveling nurses, oil rig operators, and people in the film and television industries will often have numerous employers in the same line of work over a two-year work history. Future Income that involves a move to another state or income significantly increases will be reviewed by a Team Lead.

\*\*All Guidelines for Employment Contracts must be met.