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# AD Power Jumbo UNDERWRITING GUIDELINES

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DECEMBER 29, 2025



Fixed 15 and 30 Year and ARMs -5/6, 7/6 and 10/6								
Occupancy	Purpose	Property	Loan Amount	Credit Score	LTV	CLTV	DTI <sup>1,2</sup>	Reserves <sup>3</sup>
Owner	Purchase R&T Refi	1 -4 Unit	\$5M	740	75%	75%	45% <sup>1</sup>	24 mos
Owner	Purchase R&T Refi	1-4 Unit	\$3.5M	740	80%	80%	45% <sup>1</sup>	24 mos
Owner	Purchase R&T Refi	1 -4 Unit	\$3M	700	80%	80%	50% <sup>2</sup>	12 mos
Owner	Purchase R&T Refi	1 -4 Unit	\$2M	680	89.99%	89.99%	50% <sup>2</sup>	AUS
Owner	Purchase R&T Refi	1 -4 Unit	\$2M	660	80%	80%	50% <sup>2</sup>	AUS
Owner	Cash Out	1-4 Unit	\$3M	740	80%	80%	50% <sup>2</sup>	12 mos
Owner	Cash Out	1-4 Unit	\$2M	680	80%	80%	50% <sup>2</sup>	AUS
Occupancy	Purpose	Property	Loan Amount	Credit Score	LTV	CLTV	DTI <sup>1,2</sup>	Reserves <sup>3</sup>
Second	Purchase R&T Refi	1 Unit	\$5M	740	75%	75%	45% <sup>1</sup>	24 mos
Second	Purchase R&T Refi	1 Unit	\$3.5M	740	80	80	45% <sup>1</sup>	24 mos
Second	Purchase R&T Refi	1 Unit	\$3M	700	80	80	50% <sup>2</sup>	12 mos
Second	Purchase R&T Refi	1 Unit	\$2M	680	89.99%	89.99%	50% <sup>2</sup>	AUS
Second	Purchase R&T Refi	1 Unit	\$2M	660	80	80	50% <sup>2</sup>	AUS
Second	Cash Out	1 Unit	\$3M	740	80	80	50% <sup>2</sup>	12 mos
Second	Cash Out	1 Unit	\$2M	680	80	80	50% <sup>2</sup>	AUS
Occupancy	Purpose	Property	Loan Amount	Credit Score	LTV	CLTV	DTI <sup>2</sup>	Reserves <sup>3</sup>
Investment**	Purchase R&T Refi	1-4 Unit	\$3M	720	75	75	50% <sup>2</sup>	12 mos
Investment**	Purchase R&T Refi	1-4 Unit	\$2M	680	80	80	50% <sup>2</sup>	AUS
Investment**	Purchase R&T Refi	1-4 Unit	\$2M	660	70	70	50% <sup>2</sup>	AUS
Investment**	Cash Out	1-4 Unit	\$2M	680	75	75	50% <sup>2</sup>	AUS
Investment**	Cash Out	1-4 Unit	\$3M	740	70	70	50% <sup>2</sup>	12 mos

<sup>1</sup> Max DTI is 45% regardless of AUS<sup>2</sup> DTI is allowable up to 50% or max approved by AUS<sup>3</sup> First Time Homebuyer requires 12 mos PITI(A) for loan amount \$2,000,000 and below. \$2,000,001 and above follow reserves requirements in grid

\*\* PPP available on Investment only.

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AD Mortgage (AD) is committed to the policy of originating sound mortgage loans of investment quality. Investment quality is determined by evaluating the three components of the underwriting analysis.

**Credit:** An acceptable credit reputation is established by a history that, when viewed as a whole, evidences a borrower's willingness to make timely payments on obligations.

**Capacity:** The borrower must have the ability to repay the mortgage in the amount and terms stated. Adequate capacity is established by documenting stable monthly income and/or assets along with other information such as how the borrower paid obligations in the past that, which evidences the borrower's ability to make periodic payments approximating the amount of the proposed monthly debt payment. Regardless of the level of the borrower's previous monthly payments, the file must contain evidence of the borrower's ability to meet all new obligations after the new mortgage is made. When the borrower's obligations increase significantly with the mortgage, the Transmittal Summary (1008) must contain an explanation as to how the borrower will meet the higher payment.

**Collateral:** The collateral must meet minimum property requirements as specified herein. Each property must also have an established value to support the loan transaction. This value will help in determining the risk associated with the loan transaction.

Each of the above components must be found to be acceptable. Investment quality is determined by the borrower's credit, capacity, and collateral. A weakness in any one of the three components must be supported by strengths in one or both of the remaining two components.



### 1. GENERAL REQUIREMENTS

#### 1.1. LOAN AMOUNT

Minimum loan amount is conforming loan limits + \$1. Maximum loan amount is \$5,000,000.

#### 1.2. AGE OF DOCUMENTS

Follow DU or LPA Findings and Fannie Mae or Freddie Mac Seller Guide.

#### 1.3. AUTOMATED UNDERWRITING SYSTEMS (AUS)

All loans are required to be ran through Automated Underwriting System (AUS) Fannie Mae Desktop Underwriter (DU) or Freddie Mac Loan Product Advisor (LPA). Adherence to the AUS findings is acceptable in all cases except the following:

- Program Guideline overlays require additional documentation which must be applied.

AD requires that all loan transactions receive an acceptable AUS recommendation (Approve/Eligible or Accept/Eligible) except when:

- Approve/Ineligible and Accept/Ineligible recommendations are due to loan amount only when exceeds Fannie Mae/Freddie Mac limitations or cash out LTV.
- “Caution”, “Incomplete”, “Invalid”, or “Out of Scope” recommendations are not permitted.
- The maximum Debt-to-Income ratio is determined by DU/LPA, but not to exceed 50% or more restrictive per matrix.

### 2. BORROWER ELIGIBILITY

#### 2.1. ELIGIBLE BORROWERS

- US Citizens
- Permanent Resident with a valid Social Security number
- Non-Permanent Resident with evidence of lawful residency and a valid Social Security number
- Inter vivos (Revocable) Trusts

#### 2.2. INELIGIBLE BORROWERS

The following borrower types are ineligible:

- A non-U.S. citizen who has no lawful residency status in the U.S. such as foreign nationals or DACA status.
- Individuals without a social security number
- Individuals with diplomatic immunity or other exclusions from U.S. jurisdiction.
- Loans to borrowers if title is taken in the name of a corporation, partnership, LLC or a non-revocable trust, land trusts or life estate.
- Title held as a land trust, a bank trust, a real estate trust, Qualified Personal Residence trust or a blind trust
- Borrowers which are party to a lawsuit are ineligible.
- Applicants Involved in Federally Prohibited activities or businesses.

### 3. CREDIT ELIGIBILITY

#### 3.1. CREDIT REQUIREMENTS

Follow DU/LPA requirements for mortgage history.

All borrowers must have at least two valid credit score to be eligible. The credit report must access all three major credit bureaus to ensure valid repository scores are generated. Qualifying FICO – the representative score for each borrower is the median of the three scores (or lesser of two, if only two scores are returned); the representative score for the loan is that of the borrower with the lowest representative score.

A credit inquiry letter is required for inquiries within 90 days or inquiries reported on undisclosed debt monitoring. Any new debt will need to be added to the debt obligations for qualifying purposes.

Contingent liabilities can only be excluded from the DTI with proof the borrower is not the primary obligor.

Standalone VOM (Verification of Mortgage) is not acceptable unless it is from a financial institution.

#### 3.2. MAXIMUM NUMBER OF FINANCED PROPERTIES

Maximum allowed per Fannie Mae guidelines.

#### 3.3. EXCEPTIONS

AD Mortgage will not grant any exceptions on AD Power Jumbo.

#### 3.4. DEROGATORY EVENT SEASONING

- AD will follow agency guidelines for derogatory event seasoning (DU or LPA).
- Deferment and/or Forbearance must have 6 months on-time payments made after last date of deferment and/or forbearance has ended.

### 4. EMPLOYMENT AND INCOME

AD will follow agency guidelines for employment and income (DU or LPA).

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

See [Exhibit 1](#) for full requirements.

### 5. ASSETS

#### 5.1. ASSET REQUIREMENTS

- All loans must meet the required reserves
  - $\geq \$3.5M - \$5M$  24 mos PITIA
  - $\$2,000,001 - \$3,000,000$  12 mos PITIA
  - $\$Min$  Loan Amount -  $\$2,000,000$  follow AUS.
  - First Time Homebuyer (FTHB): All FTHB will require 12 mos up to  $\$2,000,000$ .  $\$2,000,001 - \$5,000,000$  must meet the above.
- Cryptocurrency is ineligible to be used as reserves and/or funds to close unless liquidated.



- 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.
- Gifts of equity are ineligible.
- Business assets cannot be used as reserves.
- Proceeds from a 1031 exchange in escrow, properly documented and in compliance with Internal Revenue Code Section 1031 are eligible as funds to close. Both the sold property and subject property must be similar and qualify as "like-kind". Tax deferred Exchanges are only eligible for purchases of investment properties. Note: 2-4 unit properties where one of the units is occupied by borrower, are not considered investment properties, and therefore are not eligible.

## 6. COLLATERAL

### 6.1. ELIGIBLE PROPERTY TYPES

- SFR
- PUD
- Warrantable Condo
- 2-4 units
- Acreage less than 10 acres
- All properties must meet Fannie Mae and Freddie Mac eligible property standards and ratings

### 6.2. INELIGIBLE PROPERTY TYPES

AD will not permit any property with any of the following ineligible property characteristics:

- Cooperatives (Co-ops)
- Manufactured housing or mobile home (built on a permanent chassis)
- Multi-family dwelling containing more than 4 units
- Properties with deed-restrictions or resale restrictions
- Property used for commercial or industrial purposes
- Residential property with an additional permanently affixed manufactured home on property
- Timeshare unit
- Undeveloped lots / unimproved land
- Agricultural property (working farm, ranch, hobby farm, orchard, etc.) if income producing regardless of acreage
- Unique properties (including those properties that may have marketability issues because of their uniqueness)
- Properties with a condition rating on the appraisal of C5 or C6
- Condotels
- Agricultural zoned properties
- Any property located in lava zones one (1) or two (2) on the island of Hawaii
- Non-Warrantable condominiums
- Properties on Indian Reservations
- Properties with acreage greater than ten (10)
- Regarding solar panels, anything that will include a UCC filing associated with the property



and/or will create an easement on title is ineligible.

- Log homes / Geothermal homes
- Timeshares
- Properties held as a leasehold

### 6.3. CONDOMINIUMS

- AD will underwrite loans for condominiums in accordance with Fannie Mae and Freddie Mac guidelines.

### 6.4. PUD PROJECT

- As per Fannie Mae and Freddie Mac Guidelines.

### 6.5. NEW CONSTRUCTION

- As per Fannie Mae and Freddie Mac Guidelines.

### 6.6. MANUFACTURED HOUSING

- AD does not allow manufactured homes.

### 6.7. TRANSFERRED APPRAISALS

- Transferred appraisal will not be permitted.

### 6.8. APPRAISAL REVIEW/ SECOND APPRAISAL

Review requirements:

- The 1004D recertification must show there has been no marketable change to the value of the subject property.
- Full appraisal with interior and exterior inspection:
  - Uniform Residential Appraisal Report (Form 1004)
  - Individual Condominium Unit Appraisal Report (Form 1073)
  - Two-to-Four Unit Residential Appraisal Report (Form 1025)
- Appraisal Waivers (PIW or ACE) are not permitted.
- Appraisals expire 120 days after the effective date.

#### 6.8.1. SECOND APPRAISAL

Loan amount of \$2,000,000 and less will require only one appraisal for purchase and refinance transactions.

A second appraisal is required with loan amount greater than \$2,000,000 for purchase transactions and refinance transactions.

If the opinion of value is different than the original appraisal, the lowest of the original appraisal, or second appraisal, or sales price (for purchases) is used to calculate the LTV ratios.

#### 6.8.2. SECONDARY VALUATION PRODUCT REQUIRED

An eligible secondary valuation product is required for all loan files, unless a second full appraisal is provided. If a loan has a second full appraisal, then lower of the 2 appraisal values will be used to



qualify (for purchase transactions – lesser of the purchase price and appraised values). **The secondary valuation cannot be more than 10% less than the appraised value, otherwise it is deemed ineligible.**

For files requiring a secondary valuation product, below options are available:

- Secondary valuation waterfall:
  1. FNMA SSR CU score <= 2.5
  2. If FNMA SSR CU score is > 2.5 or unavailable, then AVM with 90%+ confidence score is required.
  3. If AVM is ineligible or unavailable, CDA is required.
  4. If CDA is ineligible or unavailable, a second appraisal is required & must be ordered at borrower's expense.

### 6.9. APPRAISAL RECONSIDERATION OF VALUE

To mitigate the risk of inflated appraised value, a reconsideration of value will only be considered on a case-by-case basis with strong supporting documentation. The following steps must be taken to request a reconsideration of appraised value:

1. Requestor completes the Appraisal Reconsideration form in its entirety
  - The section regarding the facts must be completed.
  - Additional comparables the appraiser should consider must be provided.
  - The form will be submitted once – AD will not review multiple requests for the same property.
2. The completed form is submitted to the respective Underwriter.
3. The request will be reviewed by the Underwriter and may be escalated to the Underwriting Manager, and a decision will be made if a reconsideration of value will be presented to the AMC/appraiser.
4. If a reconsideration of value is received from the appraiser, the Underwriter or Underwriting Manager must review the updated appraisal to determine if the new value may be used.
  - If not signed by either the Underwriter or Underwriting Manager, the updated value cannot be used.

### 6.10. STATE SPECIFICS

- Guam, Puerto Rico, and US Virgin Islands are ineligible.
- Island of Hawaii lava zones 1-2 are ineligible.
- Texas 50(a)(6) cash out loans are ineligible.
- New York CEMA loans are eligible for Refinance transactions.

### 7. REPAIR ESCROW HOLDBACK

- Escrow holdbacks are ineligible.

### 8. QUALIFIED MORTGAGE/ABILITY TO REPAY

#### 8.1. VERIFICATION SAFE HARBOR / REBUTTABLE PRESUMPTION

- Rebuttable presumption is ineligible. Loans must meet safe harbor via APR at maximum 1.5% spread over APOR.



### 8.2. HPML

- High priced mortgage loans are ineligible.

## 9. PREPAYMENT PENALTIES, POINTS, AND FEES

Total points, fees, and APR may not exceed current state and federal high-cost thresholds.

Prepayment penalties are allowed on investment property transactions - see applicable AD Mortgage Matrices for details.

Prepayment penalties on primary residence and second home transactions are prohibited.

Where permitted by applicable laws and regulations on an investment property, a prepayment charge may be assessed in the period between six (6) months and five (5) years following the execution date of the Note. The prepayment charge will be equal to 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in each 12-month time period.

See rate sheet for further details. The prepayment penalty can be disclosed within the body of the Note or in a separate rider.

The following State restrictions apply:

- Prepayment penalties are not allowed in AK, AR, KS, MI, MN, NM, OH (1-2 units with loan amount less than or equal to \$116,356) and RI. Prepayment penalty buydown is required.
- Prepayment penalties are not permitted on loans vested to individuals in IL, NJ and VT. Prepayment penalty buydown required or close in LLC (maximum prepayment penalty period is 3 years in IL).
- Maximum prepayment penalty period is 2 years in MS.
- Maximum prepayment penalty period is 3 years in ID and MA.
- Maximum prepayment penalty period is 3 years in DC and MD. The prepayment charge will be equal to 2 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance.
- Maximum prepayment penalty period is 3 years in MN. The prepayment charge will be equal to lesser of 2 % of the remaining principal balance or 60-day interest at the rate at the time of pre-payment.
- Virginia and Maryland - Prepayment penalties are not allowed on loan balances less \$75,000.
- Pennsylvania - Prepayment penalties are not allowed on loan balances less than an adjusted value as determined by the Dept of Banking & Securities for 1-2 units. For calendar year 2026 the amount is \$329,411.



## Exhibit 1 – 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.