AD Mortgage

Effective date: 7/17/2026

Second Lien

Underwriting Requirements			
Minimum Loan Amount:		$50,000	**Maximum Loan Amount:** $500,000 — Maximum combined loan amount for both first and second liens: $4,000,000
Appraisal		Full Appraisal completed within the last 360 days supported by AVM ordered by A&D internally (10% variance with confidence score of >=90%). If Appraisal is not supported by AVM, then Drive by or Second Appraisal will be required. LA <= $250,000: AVM with 90%+ confidence score (supported by different AVM with 10% variance & confidence score of >=90%) and a new Property	
Assets		◦ Assets sourced and seasoned for 30 days, 120 days age max ◦ Gift funds allowed (under 80% CLTV Borr Contribution Required: OO - 0% , Asset Ut, WVOE, P&L- 20%; Inv - 20%; over 80% CLTV: OO - 5% , Asset Ut, WVOE, P&L- NA; Inv - NA)◦ Overseas Assets sourced and seasoned for 30 days ◦ 1031 Exchange Eligible	
Credit & Tradelines		◦ 3 for past >=12 months OR 2 for past >=24 months, active in the last 12 month ◦ Middle Lowest for multiple borrowers, Lowest if only 2 scores ◦ 120 days age max ◦ Foreign National: No score or 680 min FICO (No FICO) ◦ 1 Bank Reference Letter	
Credit Event		◦ BK, FCL, SS, DL, modification, forbearance and 120+ days are considered as a Credit Event	
Eligible States OO		◦ AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MA, MD, MI, MO, MS, NC, ND, NV, NE, NH, NJ, NM, NY, OH, OK, OR, PA, RI, SC, SD, VA, VT, TX, UT, WA, WI, WV, WY	
Eligible States Inv		◦ AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MO, MS, MT, NC, ND, NE, NV, NH, NJ, NM, NY, OH, OK, OR, PA (except for Philadelphia County), RI, SC, SD, TN, TX,	
Eligible States Inv (No License Required)		◦ AK, AL, AR, CO, CT, DE, FL, GA, IA, IL, IN, KS, KY, LA, MA, MD (exception for Baltimore County & Baltimore City), ME, MO, MS, MT, NC, NE, NH, NJ, NY, OH, OK, PA (except for Philadelphia County),	
Escrow		◦ Impound accounts are not required	
Homeownership		◦ Third Party residency letter with transaction for all programs (CPA Letter, utility bill, tax bill, etc) ◦ Rent-free borrowers with no housing expenses are limited to 80% CLTV, if permitted by the eligibility matrix.	
Income / DTI		◦ Traditional Conforming Full Documentation Income ◦ DTI 50% Max for CLTV up to 80%, DTI 45% for more than 80% CLTV ◦ Foreign National required Income by CPA Letter last 2 Years and YTD, DSCR value is not considered ◦ Foreign National Full Doc / Foreign National DSCR ◦ DTI 43% Max on Foreign National	
Income DSCR		◦ DSCR = Gross Income / Proposed PITIA. Borrower income is not required. DSCR must be equal to 1 or above	
Income / DTI	**Asset Utilization:**	Qualifying Assets are 100% Cash or Money Market, 100% from Public Securities, 70% from Retirement Accounts ◦ DTI 50% Max on O/O	
	12 or 24 Months Bank Statements:	License or Business LOE for Personal BK Stmts | Tax Preparer / CPA Prepared P&L for Business BK Stmts (UW will review industry standards) or use 50% expense ratio ◦ Mixed Income allowed ◦ DTI 50% Max on O/O ◦ Available for self-employed borrowers only	
	1099:	The last 1 year allowed ◦ Expense ratio 10% ◦ Maximum DTI is 50% for OO ◦ Gift funds allowed	
	WVOE:	Completed FNMA Form 1005 for 2 year history with same employer; No Gift Funds Allowed ◦ DTI 50% Max on O/O	
Interest Only		◦ Not allowed	
New Construction		◦ Max CLTV on PUD is 80% (OO) and 75% (Investment) for FL ◦ Max CLTV for Condo 75% (OO) and 70% (Investment) for FL ◦ No CLTV limitations on 1-4 units without community	
Non-Permanent Resident & FN		◦ Eligible Status H-1, L-1, E1-E3, NATO, O1, R1, TN (additional statuses allowed are listed in the guidelines exhibit 1) ◦ Cash Out transactions are not allowed for non-permanent residents ◦ ITIN not allowed	
Occupancy Types		◦ Owner Occupied, Second Homes (1 unit only) and Investment (Vacant or Tenant Occupied - Lease Agreement Not Required if Not Used in DTI) ◦ Foreign National (Investment only)	
Points & Fees		◦ Total Borrower Paid Points and Fees must be less than 5% (including Lender fees) on OO and less than 7% (including Lender fees) on Inv ◦ Broker's Maximum Compensation: 3.00% (Borrower Paid), 2.75% (Lender Paid, Max Price 102.75) ◦ Lender Credit Max 2.75 points ◦ Broker's Processing Fee is a part of broker's compensation and capped at maximum allowed compensation ◦ Third Party's Processing Fee allowed ◦ UW fee can be waived ◦ 2% limit for mortgage broker fee on OO in TN and 1-2 units in IA ◦ NJ broker fees are not allowed ◦ BPC not allowed on OO and 2nd home in NY with LA<$250k (LPC allowed) ◦ MD does not allow BPC on Second liens OO◦ OH rate limitation to charge on 2nd liens for LA less than or equal to 100K and max 2 % discount points on 1-2 units for all loan amounts ◦IN: Origination charges on OO may not exceed 2% of the LA	
Prepayment Penalty		◦ Investment Only ◦ Max PP Term - 5 years ◦ Penalty Amount: 6 months of interest on any amount over 20% of Note Principal ◦ PPP not allowed and buydown is required in: AK, AR, KS, MD (LA < $75,000), MI, MN, NM, OH (on 1-2 units with LA < $116,356), PA (on 1-2 units with LA < $329,411), RI, TX, VA (LA < $75,000), VT ◦ Loans vested in individuals in IL, NJ - buydown required or close in LLC (IL - max 3 years) ◦ Max PPP 3 years in ID, MA ◦ Max PPP 3 years and Penalty Amount: max 2 months interest for any loan type in DC, MD ◦ Max PPP 2 years in MS	
Property Types		◦ Single Family Residence ◦ Warrantable / Non-Wr. Condo (Limited Review) ◦ 2-4 Unit (N/A for 2nd Home) ◦ PUD ◦ Short-Term Rental (Max CLTV: 75%)	
Reserves		◦ Purchase: Loan amount <= 1,000,000: min 3 months, >1,000,000 and <=2,000,000: min 6 months, >2,000,000: min 12 months, rate&term and cash out: no minimum requirements	
Seller Concessions		◦ 6% if 80% CLTV or less ◦ 4% if CLTV greater than 80%	
State limitations		◦ PR, Texas 50(a)(6) prohibited ◦ IA: OO, minimum loan amount: $69,501 ◦ TN: only investment loans allowed	
Highlights		Purchase transactions are available on Piggyback only	
Title		◦ Full Title Policy ◦ Individuals ◦ LLCs/Corp (Maximum 4 owners allowed, all have to be borrowers and guarantors on the transaction) ◦ Title Commitment: 90 days max age	

EQUAL HOUSING OPPORTUNITY

** NMLS# 958660 A&D Mortgage LLC. Programs and Pricing are subject to change without notice. This ratesheet is intended to be used by mortgage professionals only and is not an advertisement under Section 226.24 of Regulation Z, and is not meant for use by the general public.

AD Mortgage

Second Mortgage

Full Doc

Purchase, Rate/Term Refinance, Cash Out

Occupancy	Property Type	Minimum FICO	Maximum LTV/CLTV*	Maximum Loan Amount
Primary	1 Unit SFR, PUD, 2-4 Unit, Condo	740	90	$350,000
			85	$500,000
		700	85	$500,000
		680	75	$500,000
Second Home	1 Unit SFR, PUD, Condo	720	75	$500,000
		700	70	$500,000
		680	65	$350,000
			60	$450,000
Investment (US Citizen, Permanent, Non-Permanent)	1 Unit SFR, PUD, 2-4 Unit, Condo	720	75	$500,000
		700	70	$500,000
		680	65	$350,000
			60	$450,000

Second Mortgage

Alt Doc

Purchase, Rate/Term Refinance, Cash Out

Occupancy	Property Type	Minimum FICO	Maximum LTV/CLTV	Maximum Loan Amount
Primary	1 Unit SFR, PUD, 2-4 Unit, Condo	740	85	$350,000
			80	$500,000
		720	85	$350,000
			80	$450,000
			75	$500,000
		700	80	$350,000
			75	$500,000
		680	75	$350,000
			70	$500,000
Second Home	1 Unit SFR, PUD, Condo	720	75	$350,000
			70	$500,000
		700	70	$450,000
			65	$500,000
		680	65	$350,000
			60	$450,000
Investment (US Citizen, Permanent, Non-Permanent)	1 Unit SFR, PUD, 2-4 Unit, Condo	720	75	$350,000
			70	$500,000
		700	70	$450,000
			65	$500,000
		680	65	$350,000
			60	$450,000
Investment Foreign National	1 Unit SFR, PUD, 2-4 Unit, Condo	720, No FICO	70	$450,000
		700	70	$350,000
			65	$450,000
		680	60	$450,000

** Condo (85% CLTV Max)*

NMLS# 958660 A&D Mortgage LLC. Programs and Pricing are subject to change without notice. This ratesheet is intended to be used by mortgage professionals only and is not an advertisement under Section 226.24 of Regulation Z, and is not meant for use by the general public.