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VA OVERLAYS

12/15/25

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VA STANDARD

Maximum LTV / CLTV and FICO Requirements				
Maximum Base Loan Amount	Purchase		Cash-Out Type I and Type II Refinance	
	Maximum LTV / CLTV (Excludes VA Funding Fee)	Minimum FICO	Maximum LTV / CLTV (Includes VA Funding Fee)	Minimum FICO
<=\$1,000,000	100.00%	580	100.00%	680
			90.00%	620
\$1,000,001-\$1,500,000	100.00%	680	100.00%	680
\$1,500,001-\$2,000,000	100.00%	700	100.00%	700
Borrower Eligibility	<ul style="list-style-type: none"> U.S. citizens Permanent resident aliens, with proof of lawful permanent residence Joint Entitlement is not permitted 			
Credit	<ul style="list-style-type: none"> All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed. No credit bureaus may be frozen. Borrowers must unfreeze all bureaus. 			
Age of Documents	<ul style="list-style-type: none"> Credit documents must be no more than 120 days old on the disbursement date, including credit reports and employment, income and asset documents. Preliminary Title Policies must be no more than 180 days old on the date the Note is signed 			
Underwriting Method	<ul style="list-style-type: none"> Loans must be submitted through DU or LPA. Loan amounts >\$1.5M <ul style="list-style-type: none"> AUS approval required Maximum DTI 45.00% regardless of AUS approval Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent consecutive 12-month period, ending with the application date. <ul style="list-style-type: none"> Gaps in history or less than 12 months will not be acceptable. Manual underwriting on non IRRRL transactions is permitted under the following conditions: <ul style="list-style-type: none"> Loan amounts <= \$1.5M The greater of 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO Requirements grid for purchase and Cash-out Type I refinance transactions 700 FICO for cash-out Type II transactions 0 x 30 in the most recent 12 months for all prior mortgages 			

	<ul style="list-style-type: none"> ○ Three open trade-lines used within the past 12 months ○ Maximum DTI of 45% for conforming loan limits ○ Maximum DTI of 43% for high balance loan limits ○ Include a copy of the AUS Refer/Eligible in the loan file
Income Documentation	<ul style="list-style-type: none"> ● 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. ● Future income will only be accepted from well-established corporations. <ul style="list-style-type: none"> ○ See Exhibit 1 for Future Income Parameters
Tax Transcripts	<ul style="list-style-type: none"> ● Tax transcripts are not required, but may be requested up to the underwriter's discretion ● A properly executed 4506-C is required for all transactions except when the loan file contains tax transcripts ● For loans requiring Tax Returns, 2024 Tax Return Transcripts or full compliance with tax extension documentation is required for Loans closing on or after July 1, 2025.
Verification of Employment	<ul style="list-style-type: none"> ● For salaried employees the verbal verification of employment must be completed within 10 calendar days prior to the note date. For self-employed borrowers the verbal verification of employment must be completed within 60 calendar days prior to the note date. ● Manually verified VOE is not acceptable in lieu of paystubs.
Assets/Gift Funds/Large Deposits	<ul style="list-style-type: none"> ● Cryptocurrency/virtual currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. Acceptable documentation to use those funds includes the following: <ul style="list-style-type: none"> ○ Documentation from a cryptocurrency exchange account verifying the borrower as the legal owner and not the nickname of the account, AND ○ Previous borrower bank statement showing funds going into the same cryptocurrency exchange account that the large deposit came from, OR ○ 1099-B/MISC from the same cryptocurrency exchange account that the large deposit came from, plus the borrower's tax returns reflecting the 1099 gain/loss
Insurance Deductible Requirements	<ul style="list-style-type: none"> ● Property, Windstorm and Hurricane: <ul style="list-style-type: none"> ○ maximum deductible is the lesser of \$15,000 or 5% of the face amount of the policy. ○ When there is a separate deductible or separate policy for windstorm, hurricane, walls-in/HO-6 or other required policy coverage, the maximum deductible is the lesser of \$15,000 or 5% of the face amount of the policy.

	<ul style="list-style-type: none"> • Flood: <ul style="list-style-type: none"> ○ Maximum deductible cannot exceed \$5,000, unless restricted by state requirement.
Property Eligibility	<ul style="list-style-type: none"> • Single Family Detached • Single Family Attached • Multi-wide manufactured home • 2–4 Unit Detached/Attached • PUDs • Condominiums • Leaseholds with proof of approval from VA
Cash-Out Type II (cash-out)	<ul style="list-style-type: none"> • Borrowers may not have multiple cash-out transactions within the prior 12 months on the same property. Closing Disclosures (CDs), or other supporting documentation, from all subject property refinances in the prior 12 months are required to confirm the previous transactions were no cash-out. The subject cash-out transaction is excluded if the borrower is receiving no cash in hand, or is receiving less than the incidental limit allowed by the Agency. Loans with LTV/CLTVs of 75% or less are excluded from this requirement. Notes: <ul style="list-style-type: none"> ○ Removing or adding borrowers will not make the transaction eligible. ○ When a HELOC is paid through closing, the current transaction is only considered cash out for this requirement if there were any draws in the last 12 months.
Recently listed properties	<ul style="list-style-type: none"> • Cash-Out Type I (rate & term): The listing must have been expired or been withdrawn 30 days prior to the application date. • Cash-Out Type II (cash-out): The listing must have been expired or been withdrawn 180 days prior to the application date.
Subordinate Financing	<ul style="list-style-type: none"> • CLTVs cannot exceed matrix with Down Payment Assistance / Community Seconds / Subordinate financing • Downpayment Assistance programs that require a designated servicer are not eligible. • No negative amortization or balloon payments allowed on subordinate financing
Temporary Buydowns	<ul style="list-style-type: none"> • Temporary interest rate buydowns are allowed on 30 year fixed-rate transactions only • Max total interest rate reduction of 3%, max increase per year of 1% (only 1/0, 2/1 and 3/2/1 buydowns allowed) • Maximum 3 years to reach standard note rate • Minimum 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO Requirements grid • Principal Residence only.

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	<ul style="list-style-type: none"> • Must qualify at the standard note rate without benefit of the buydown • Ineligible: <ul style="list-style-type: none"> ○ Borrower funded buydowns ○ 2-4 Unit properties ○ Manufactured Homes ○ Refinance Transactions
Title Insurance	<ul style="list-style-type: none"> • Title insurance is required.
Manufactured Home	<ul style="list-style-type: none"> • Loans must be submitted and approved through DU or LPA. • Manual underwriting is not allowed • Minimum FICO 640 • Max CLTV for Cash out Type I and Type II is 80 • Owner-occupied only • Loan amounts >\$1.5M: <ul style="list-style-type: none"> ○ Maximum DTI 45.00% regardless of AUS approval ○ Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent consecutive 12-month period, ending with the application date. <ul style="list-style-type: none"> ▪ Gaps in history or less than 12 months will not be acceptable. • Appraisal: <ul style="list-style-type: none"> ○ Full 1004C/70B appraisal required. The condition rating must be C4 or better. ○ New construction must be completed and have Certificate of Occupancy, or equivalent documentation, by loan close. ○ 700 square feet gross living area ○ Fee Simple land ownership only ○ The manufactured housing must be served by permanent water and sewer facilities approved by the local municipality, if available, at the site. ○ An all-weather roadway must serve the site. • Insurance: <ul style="list-style-type: none"> ○ Title insurance is required ○ ALTA Endorsement 7, or 7.1, or 7.2, or equivalent state form required • In addition to the ineligible property types identified in VA Lenders Handbook, the following property types are ineligible: <ul style="list-style-type: none"> ○ Single width manufactured homes ○ Property located in a mobile home park or area where the borrower does not own the land.

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	<ul style="list-style-type: none"> ○ Manufactured homes that have been or will be moved from another location. Initial installation by dealer is exempt. ○ Mobile homes ○ Leasehold ○ 2-4 units ○ Cooperatives ○ Working farms and ranches ○ Land trusts, including Illinois
Escrow Holdback	<ul style="list-style-type: none"> ● For refinance transactions all repairs must be completed within 30 days of the Note Date
Geographic restrictions	<ul style="list-style-type: none"> ● Texas 50(a)(6) and 50(a)(4) loans are not allowed. ● Guam, Puerto Rico, the Virgin Islands are ineligible
Eligible Products	<ul style="list-style-type: none"> ● Fixed Rate: 15-, & 30-year terms. (VA High Balance allowed only on 30-year term) ● Cash Out Type I and Type II Refinances > 90% LTV are limited to a 30-year term.
Ineligible Products	<ul style="list-style-type: none"> ● Adjustable-Rate Mortgages (ARMs). ● Alterations and Repairs or Single Close Construction-To-Perm are ineligible. ● Construction Loans, used to finance the construction of the subject ● Energy Efficient Mortgage Loans ● Graduated Payment Mortgages ● Native American Direct Loan program ● VA Vendee Financing Program
Ineligible Collateral	<ul style="list-style-type: none"> ● Single-width manufactured homes ● Mobile homes ● Properties located in a mobile home park ● Cooperatives ● Condotels ● Hotel condominiums ● Timeshares ● Geodesic domes and berm homes ● Working farms and ranches ● Unimproved land and property currently in litigation ● Commercial enterprises (e.g., bed and breakfast, boarding house, hotel)
Escrows	<ul style="list-style-type: none"> ● All loans must have escrow for taxes/insurance/additional escrow items.
CEMA	<ul style="list-style-type: none"> ● Refinance Only

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	<ul style="list-style-type: none"> • 1-4-unit properties • eMortgages are ineligible • Lost Note Affidavits (LNAs) are not allowed for prior or current notes
PACE & HERO	<ul style="list-style-type: none"> • Property Assessed Clean Energy (PACE) or Home Energy Opportunity (HERO) loans are ineligible - applies to both new and existing subordinate financing
Remote Online Notary	<ul style="list-style-type: none"> • Remote Online Notary (RON) is ineligible
Power of Attorney	<ul style="list-style-type: none"> • The POA must be either a Statutory Form Power of Attorney or specific to the loan transaction. If using a specific POA, the individual acting as Attorney-in-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property. • POA usage not permitted on Cash out Refinances or any loan where the Attorney-In-Fact is an employee of the Lender, Broker, Title or Realtor. • POA only allowed in extenuating circumstances where the borrower cannot attend closing. • The recorder's stamp appears, if previously recorded. The POA must be dated no more than 120 days prior to the loan closing date. • A POA is not permitted when the loan is closing in an Inter Vivos Revocable Trust.
Purchase Contract	<ul style="list-style-type: none"> • An assignment of a purchase contract is not acceptable.
HPML	<ul style="list-style-type: none"> • AD Mortgage will not originate High-Cost loans. HPML are allowed for fixed rate only.
Broker Conflict of Interest	<ul style="list-style-type: none"> • Broker may submit loans on a property where he/she has direct or indirect ownership or relatives of the Broker (i.e., spouse, child, or other dependent, or by any other individual who is related to the Broker by blood, marriage, adoption, or legal guardianship). However, no underwriting, guideline or credit single loan variances of any kind will be allowed. In addition, the Broker cannot be involved in taking or processing the application. Broker may not act as the mortgage loan officer on his/her own loan. Brokers may not submit loans they are originating for their own employees.

VA IRRRL

Maximum LTV / CLTV and FICO Requirements		
Maximum Base Loan Amount	Maximum Base LTV/CLTV	Minimum FICO
<=\$1,000,000	110.00%	580
\$1,000,001-\$1,500,000	110.00%	680
Borrower Eligibility	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Joint Entitlement is not permitted 	
Credit Score	<ul style="list-style-type: none"> • 580 for all borrowers • 640 for Manufactured Homes 	
Credit	<ul style="list-style-type: none"> • A Fully completed URLA required, excluding the Income Section and Asset Section (unless assets are required for Closing). • Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent 12-month period, ending with the application date. <ul style="list-style-type: none"> ○ Gaps in history or less than 12 months will not be acceptable. • Minimum credit report requirement is a tri-merge soft-pull that includes a complete mortgage payment history with trended data for all mortgages and a credit score. • All borrowers must return at least 1 credit score. Non-traditional credit is not allowed. • Must have a subject mortgage history of 0 x 30 for the last 3 payments 	
Income Documentation	<ul style="list-style-type: none"> • The following Income and Employment documentation are required at a minimum: <ul style="list-style-type: none"> ○ Salaried borrowers require a Verbal Verification of Employment (VVOE) ○ Self-employed borrowers require verification of the business through a 3rd party source ○ Retired borrowers aged 60 and older do not require a VVOE 	
Assets/Gift Funds	<ul style="list-style-type: none"> • Gift funds are not permitted for any portion of required funds, including cash required for down payment, closing costs, prepaids and reserves when the subject property is an investment property or second home. • When the subject property is a 2nd home or investment property, 6 months additional PITI reserves is required in addition to any standard reserve requirements, reserves required by AUS, or reserves required per the loan program. 	

	<ul style="list-style-type: none"> ○ Borrower must provide evidence of the additional reserves from the Borrower's own funds, which can include eligible business assets, when permitted by the applicable Agency and documented per the Agency's guidelines.
Title Insurance	<ul style="list-style-type: none"> • A title policy is required for all transactions • Manufactured Homes <ul style="list-style-type: none"> ○ An ALTA 7 endorsement or equivalent is required ○ Manufactured home rider to the Security Instrument required.
Insurance Deductible Requirements	<ul style="list-style-type: none"> • Property, Windstorm and Hurricane: <ul style="list-style-type: none"> ○ Maximum deductible is the lesser of \$15,000 or 5% of the face amount of the policy. ○ When there is a separate deductible or separate policy for windstorm, hurricane, walls-in/HO-6 or other required policy coverage, the maximum deductible is the lesser of \$15,000 or 5% of the face amount of the policy. • Flood: <ul style="list-style-type: none"> ○ Maximum deductible cannot exceed \$5,000, unless restricted by state requirement.
State limitations	<ul style="list-style-type: none"> • Texas 50(a)(6) and Texas 50(a)(4) refinances are prohibited. • Guam, Puerto Rico, and the Virgin Islands are prohibited.
HPML Transactions	<ul style="list-style-type: none"> • Higher Priced Mortgage Loans (HPML) are defined as any owner-occupied loan with an APR 1.5% above the Average Prime Offer Rate (APOR) on the day the loan is locked. High Cost Loans are prohibited.
PACE/HERO	<ul style="list-style-type: none"> • Property Assessed Clean Energy (PACE) or Home Energy Opportunity (HERO) loans are ineligible - applies to both new and existing subordinate financing.
Bankruptcy	<ul style="list-style-type: none"> • Must not currently be in bankruptcy
Properties listed for sale	<ul style="list-style-type: none"> • Properties listed for sale in the prior 30 days to the application date are ineligible
Temporary buydowns	<ul style="list-style-type: none"> • Maximum total interest rate reduction of 3%, max increase per year of 1% (only 1/0, 2/1, and 3/2/1 buydowns allowed) • Maximum 3 years to reach standard note rate • The greater of 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO Requirements grid. • Must qualify at the standard note rate without benefit of the buydown • Fixed rate only • Must meet all other applicable VA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.
Eligible Collateral	<ul style="list-style-type: none"> • 1-4 Units • PUDs

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	<ul style="list-style-type: none"> • Multiple-wide Manufactured Homes • Condominiums
Manufactured Homes	<ul style="list-style-type: none"> • 1 unit only • Owner-occupied only • Min credit score 640 • Minimum 700 square feet • Affidavit of affixation, or state equivalent document, required • Leasehold ownership is ineligible
Ineligible Collateral	<ul style="list-style-type: none"> • Co-ops, • Condotels, • Mobile Homes • Indian Reservations • Single-wide Manufactured Homes • Geodesic dome and berm homes • Working farms and ranches • Community Land Trusts • Illinois Land Trusts
Ineligible Mortgage Products	<ul style="list-style-type: none"> • Energy Efficient Mortgages (EEM)
Escrows	<ul style="list-style-type: none"> • All loans must have escrow for taxes/insurance/additional escrow items.
Remote Online Notary (RON)	<ul style="list-style-type: none"> • A RON is ineligible.
Power of Attorney	<ul style="list-style-type: none"> • The POA must be either a Statutory Form Power of Attorney or specific to the loan transaction. If using a specific POA, the individual acting as Attorney-in-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property. • POA usage not permitted on Cash out Refinances or any loan where the Attorney-In-Fact is an employee of the Lender, Broker, Title or Realtor. • POA only allowed in extenuating circumstances where the borrower cannot attend closing. • The recorder's stamp appears, if previously recorded. The POA must be dated no more than 120 days prior to the loan closing date. • A POA is not permitted when the loan is closing in an Inter Vivos Revocable Trust.

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	

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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.**