

Product Matrix

Carrington Investor Advantage Program

Program Codes: N30FINADV, N51AINVADV, N101AINVADV,
N51AINVADVIO, N101AINVADVIO

Version 6.3 – 03/02/23



Investor Advantage			
Loan Amount	FICO	Purchase & R/T	Cash Out
≤ \$1,000,000	700	85%	75%
	680	80%	75%
	660	75%	70%
	640	75%	65%
	620	75%	NA
\$1,000,001 up to \$2,000,000	720	75%	70%
	700	75%	70%
	680	70%	65%
	660	65%	60%
Mortgage/Rental History		1x30x12	
Foreclosure Seasoning		48 Months	
Short Sale/DIL Seasoning		48 Months	
Chapter 13 BK Seasoning		48 Months (Discharged or Dismissed)	
Chapter 7/11 BK Seasoning		48 Months	
Additional LTV Limits		Max LTV	Interest Only
2-4 Units		75%	Not available in West Virginia
Unleased Subject Prop (Refi Only)		65%	
Short Term Rental Properties with 12 month history of rents		75%	DSCR
First-Time Investor with FICO ≥ 680		75%	Debt-Service Coverage Ratio (DSCR) = Gross Rental Income / Monthly PITIA Payment.
First-Time Investor with FICO < 680		65%	
First-Time Investor with DSCR 0.75 – 0.99		65%	
Experienced Investor with DSCR 0.75 – 0.99		70%	
Additional Program Requirements			
Occupancy	Investment Properties Only		
Residual Income	Residual Income not required on Investment Properties.		
Seller Concessions	Up to 4% toward closing for Investment Properties.		
Reserves	3 Months. Cash out proceeds permitted for reserves with ≥ 700 FICO.		
Secondary/Subordinate Financing	Not Permitted.		
Gross Rental Income	Lesser of Estimated Market Rent from Form 1007 or monthly rent from an existing lease for the subject property Unleased Subject Property (Refinance only): Max LTV - 65%		

Program Parameters		
Limits		
Minimum Loan Amount	\$100,000	
Maximum Loan Amount	\$2,000,000	
Maximum Cash Out	\$750,000	
Product Types		
30-Year Fixed, 5/1 ARM and 10/1 ARM		
Interest-Only: 5/1 & 10/1 ARM-IO Terms		
IO Period	Amort Term	Final Maturity
10 Years	20 Years	30 Years
ARM Margins and Caps		
<ul style="list-style-type: none"> Margin: 6% - Caps: 5/1 - 2/2/5, 10/1 - 5/2/5 Index: 1 Year LIBOR - Floor Rate = Note Rate ARM amortization is based on 30 year loan term and is fully amortizing for the life of the loan. Index Lookback Period: 45 Days 		
Qualifying Rate (see also Qualifying Payment Below)		
<p>Fixed = Note Rate</p> <p>ARM/ARM-IO = Greater of Note Rate or Fully Indexed Rate rounded up to the nearest eighth percentage.</p>		

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Guideline Requirements

COLLATERAL

General	Property must be in average or better condition. Properties in C5 or C6 condition are not acceptable. Deferred maintenance is allowed subject to the requirements below.
Deferred Maintenance	<p>CMS permits appraisals to be based on the “as is” condition of the property provided existing conditions are minor and do not affect the safety, soundness, or structural integrity of the property, and the appraiser’s opinion of value reflects the existence of these conditions.</p> <p>Deferred maintenance is typically due to normal wear and tear from the aging process and the occupancy of the property. While such conditions generally do not rise to the level of a required repair, they must be reported. Examples of minor conditions and deferred maintenance include worn floor finishes or carpet, minor plumbing leaks, holes in window screens, or cracked window glass.</p>
Appraisal	1 Full appraisal required. Exterior and Interior inspection. Color photographs required.
Appraisal Review	<p>The Appraisal Review Process requires a secondary due diligence product to support the appraised value for the transaction. Acceptable products include:</p> <ul style="list-style-type: none"> • FNMA Collateral Underwriter score ≤ 2.5 for LTVs $\leq 80\%$ • Desk Review (must contain a value and comparative sales data to support the valuation result) • Second Full Appraisal <p>The following require a Desk Review (CU Score not permitted):</p> <ul style="list-style-type: none"> • CU Score > 2.5 or • LTV $> 80\%$ <p>The following require a Second Full Appraisal:</p> <ul style="list-style-type: none"> • Loan amount $> \\$1,500,000$ <p>When two appraisals are required, the lower of the two values must be used to determine value.</p> <p>Appraised value $\geq \\$1,500,000$ requires a Carrington Capital Management (CCM) review. When two appraisals are present the lowest value is used.</p> <p>Desk Reviews and Second Full Appraisals, when required, must be ordered from a CMS-approved AMC. A Second Full Appraisal must be completed by a different appraiser and different AMC than the first appraisal. CMS reserves the right to request additional appraisal products at our discretion based on review of the appraisal and loan file.</p> <p>See the Carrington Investor Advantage Program Guidelines for full details on available review products.</p>
Appraisal Re-Use	Re-use of an appraisal inspection report is not permitted. Appraisal inspections must be specific to the CMS loan transaction.
Appraisal Updates	Permitted. Follow guidelines and acceptable extension dates. The appraisal may be no older than 240 days at closing with an appraisal update.

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COLLATERAL, continued

Condominiums	All condominiums must have a valid project review along with a completed CMS Homeowners' Association Certification (InterIsland HOA Questionnaire). ATTACHED CONDOS: Appraisal must contain 2 comparable sales from subject's project in addition to the current comparable sale requirements. See Carrington Investor Advantage Program Guidelines for condominium specifications.
Short Term Rentals	Short term rental properties may not be modified in a way that affects the residential character of the property. For example, parking lots and reception areas are not acceptable. Examples of short term rentals are Air BNB, Vacation Rental By Owner (VRBO), etc. Short term rentals of less than one month in term will be qualified as an unleased property unless the borrower is able to demonstrate a 12-month history of rents on the subject property. The borrower may provide documentation from their property management service documenting 12 months gross rents. Determining the Loan-to-Value - Refer to Additional LTV Limits chart. The Debt-Service Coverage Ratio (DSCR) must be calculated using the lesser of the documented rents from the property management service or the appraiser's estimate of market rents.
All Properties Square Footage	Minimum of 600 square feet of gross living area.
Eligible Property Types	One Unit Single Family Residences (Attached and Detached), PUDs (Attached and Detached), Condos (Low and High Rise), Site Condo, Townhouse, 2-4 Unit Properties, and Modular Homes
Ineligible Property Types	Co-ops, Condotels, Non-Warrantable Condominiums, Manufactured, Unique Properties, Mixed Use properties, Leaseholds, Rural Properties, Log Homes, Agriculturally Zoned, Farms or Hobby/Working/Income Producing Farms, Properties with oil, gas, or mineral rights, Builder Model Leaseback, Non-Conforming zoning regulations that prohibit rebuilding, State-approved medical marijuana producing properties. Note: Mixed Use properties are defined as properties that have a business use in addition to their residential use, such as a property with space set aside for a day care facility, a beauty or barber shop, or a doctor's office are not eligible.
Rural Property Determination	Rural properties are ineligible. Properties are considered rural if: <ul style="list-style-type: none"> The Zip Code is contained in Exhibit A of the Guidelines, or The appraiser indicates the subject Location as Rural in the Neighborhood section of the appraisal report.
Property Flipping	Seller must be on title for greater than 180 days.
Resale/Deed Restrictions	Communities where the minimum age requirement is 55 are permitted.
Maximum Number of Financed Properties	No limit for other servicers; Limit 5 financed properties serviced by Carrington Mortgage Services. See Carrington Investor Advantage Program Guidelines for additional requirements.
Maximum Acreage	Maximum 2 acres

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TYPES OF FINANCING

<p>General Refinance Requirements</p>	<p>Rate/term refinance and cash-out refinance transactions are allowed. All investment property refinances require an appraisal review product. See Appraisal Review Process for detailed requirements.</p> <p>Determining Loan-to-Value If the property was purchased > 6 months and < 12 months from the application date, the current appraised value can be used to determine loan-to-value. Two full appraisals are required and the lower of the two values will determine the loan to value. If the property was purchased < 6 months from application date, the lesser of the current appraised value or the previous purchase price plus documented improvements (if any) must be used. The purchase settlement statement and any invoices for materials/labor will be required.</p>
<p>Rate & Term Refi/ Limited Cash Out</p>	<p>No seasoning of first mortgage (no minimum number of payments required on current mortgage). If value has increased more than 15%, photos of improvements are required. Maximum cash in hand is the lesser of 2% of the principal of the new loan amount or \$2000. Closing Disclosure (CD) or HUD-1 settlement statement, as applicable required from any transaction within past 6 months. If the most recent mortgage transaction was a cash-out refinance within the last 6 months, the new mortgage must be processed as a cash out refinance. If new transaction combines a 1st and non-purchase money 2nd into a new 1st loan, it is considered cash out. Must demonstrate there is a Benefit to the borrower by utilizing the CMS benefit to borrower form currently in use through Encompass for refinance transactions.</p>
<p>Listed For Sale or Purchase</p>	<p>To be eligible for either a rate/term or a cash-out refinance, the subject property must be taken off the market on or before application date, provide a letter of explanation for the MLS listing and statement of intent to retain the property for 12 months after closing. For cash-out transactions, if the subject property was listed for sale in the 6 months prior to application date, a 10% LTV reduction from the maximum available for the specific transaction is required. The lesser of the most recent list price or the current appraised value should be used to determine loan-to-value for both rate/term or cash-out transactions.</p>
<p>Cash-out Refinance</p>	<p>For all cash-out refinance transactions: at least one borrower must have been on title a minimum of six (6) months prior to the new note date unless the requirements for Delayed Financing are met. Note date to note date is used to calculate the 6 months. For cash-out refinance transactions where the property is currently vested in a trust or LLC, the borrowers must have owned the property in the name of the trust or LLC for at least six (6) months prior to closing. Note: Properties removed from a Trust are not required to meet the title seasoning requirement if the property moves from the Trust to the owner of Trust and 6 month seasoning is met in the Trust. There is no waiting period if the borrower was legally awarded the property through divorce, separation, or dissolution of a domestic partnership.</p>
<p>Cash Out</p>	<p>Maximum Cash Out = \$750,000 Cash Out proceeds must be used for "real estate" business purposes only. Proceeds of the loan are limited to the purchase of an additional investment property or the improvement and/or maintenance of the subject property or other investment properties. Utilizing proceeds of the loan for personal, family, or household purposes is prohibited.</p>

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TYPES OF FINANCING (continued)

Delayed Financing	<p>Cash-out on properties purchased by the borrower with cash and owned less than 6 months is allowed. The following requirements apply:</p> <ul style="list-style-type: none"> • Original transaction was an arm's-length transaction • Settlement statement from purchase confirms no mortgage financing used to acquire subject • Source of funds used for purchase documented (gift funds may not be included) • New loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan • All other cash-out refinance eligibility requirements must be met
Business Purpose Loans	Business Purpose Loans are not subject to the Points and Fees Test, Anti-Steering or Consumer Credit Counseling requirements.
All Refinances	As a best practice, CMS requires that all refinance transactions must have Net Tangible Benefit to Borrower.
Non-Arm's Length Transactions	Non-arm's length transactions involve a direct relationship outside of the subject transaction between a borrower and a party to the loan. See Carrington Investor Advantage Program Guidelines for specific requirements.
Construction-to-Perm	Not permitted
Texas A(6) Refinances	Not permitted

CREDIT

Minimum Credit History	<p>Standard Credit: 3 tradelines reporting for 12+ months with activity in last 12 months OR 2 tradelines reporting for 24+ months with activity in last 12 months 0x60 for most recent 12 months</p> <p>Trade lines must meet the following: The credit line must be reflected on the borrower's credit report</p> <ul style="list-style-type: none"> • The account must have activity in the past 12 months and may be open or closed • Tradelines used to qualify may not exceed 0x60 in the most recent 12 months • An acceptable 12- or 24-month housing history not reporting on credit may also be used as a tradeline <p>Credit lines on which the borrower is not obligated to make payments are not acceptable for establishing a minimum history. e.g., loans in a deferment period, collection or charged-off accounts, accounts discharged through bankruptcy, and authorized user accounts.</p>
Limited Tradelines	Not permitted
Non-Traditional Credit	Not permitted

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CREDIT, continued

<p>Evidence of Primary Residence</p>	<p>All borrowers must presently own or rent their primary residence. Evidence is required.</p> <p>Borrowers who own a primary residence and are purchasing a 1-unit Single Family Residence must provide:</p> <ul style="list-style-type: none"> • Proof of ownership of a primary home superior in value and/or appeal to subject <p>Borrowers who rent a primary residence and are purchasing a 1-unit Single Family Residence must provide:</p> <ul style="list-style-type: none"> • Evidence of an active lease in place • Primary residence should be supported by one of the following characteristics: <ul style="list-style-type: none"> ○ Geographically consistent with borrower's place of employment. If the URLA employment section is blank, the Underwriter must add a condition for the URLA to list the borrower's Employer name and address; or ○ General appeal and location of primary is superior to subject property <p>Note: Living rent free is not acceptable. For a married borrower whose primary residence is titled or leased to their spouse's name only, documentation must be provided to support the borrower occupies the spouse's residence and the mortgage or rent rating on the primary residence complies with Mortgage and Rental Payment Verification.</p>
<p>Mortgage/ Rental History</p>	<p>Mortgage and rental payments not reflected on the original credit report must be documented via an institutional Verification of Rent or Verification of Mortgage (VOR/VOM). A combined total of all late mortgage and rental payments in the past 12 months must be used to determine the housing history for all borrowers.</p> <p>If the borrower is making payments to an individual or interested party, 12 months of cancelled checks or bank statements must be obtained. A VOR/VOM is not required but may be requested for clarification.</p> <p>All mortgages and rental payments should be current at time of closing. If the credit report or VOR/VOM reflects a past-due status, updated documentation is required to verify account is current.</p>
<p>Forbearance Due to FEMA Disaster</p>	<p>CMS will permit forbearance only in cases of a FEMA Disaster Declaration. Documentation from the servicer must be obtained and the cause outside the disaster (i.e. loss of work, damage, etc.) must be cured and documented (i.e. back to work).</p>
<p>Late Payments after Forbearance</p>	<p>The forbearance may be resolved through one of the following two options:</p> <ol style="list-style-type: none"> 1. Remove the disaster forbearance status and reinstate the mortgage by making a lump-sum payment to bring the mortgage current. The impact of any lump sum payment must be considered in the asset analysis. Funds may not be borrowed for the purpose of a full reinstatement after the date of the loan application. Or 2. Complete three (3) regular monthly payments after an approved loss mitigation option with the current servicer, such as a repayment plan, payment deferral, or trial payments for a loan modification. Any remaining balance due after three timely payments are made pursuant to a loss mitigation option may be included in a rate and term or cash out refinance. <p>Borrowers who have missed payments pursuant to a disaster forbearance must provide documentation of acceptable resolution of any hardship. Missed mortgage payments during the period of a disaster forbearance will not be deemed as "late" payments for the purpose of establishing eligibility or credit grade, provided the forbearance is documented per the requirements above. Missed mortgage payments after termination of the forbearance plan or during an approved loss mitigation option will be considered late for the purposes of establishing eligibility and graded accordingly. A borrower who experiences a Housing Event, including foreclosure, short sale, or deed-in-lieu of foreclosure after a forbearance must continue to meet all program guidelines related to Housing Events, including seasoning and credit grading.</p>

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CREDIT, continued

Late Payments - Consumer Debts	<p>This Late Payments section applies to every credit account that is not a mortgage or home equity loan. E.g. revolving/installment accounts.</p> <p>Rolling Late Payments: Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually for loan eligibility. Rolling late payments are not permitted on Investor Advantage.</p> <p>Past Due Accounts: Past due consumer debts can be no more than 30 days past due at time of closing. Consumer late payments may not exceed 1x60 over the prior 12 months for Investor Advantage.</p>
All Bankruptcy	48 Months Seasoning whether Discharged or Dismissed; see Matrix Above.
Short Sale/ Foreclosure/ Deed-in-Lieu/ Modification	48 Months Seasoning; see Matrix Above.
Collections/ Charge Offs	<p>The following accounts may remain open:</p> <ul style="list-style-type: none"> • Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000 • Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence • Collections and charge-offs that have passed beyond the statute of limitation for that state (supporting documentation required) • All medical collections <p>Collection and charge-off balances exceeding the amounts listed above must be paid in full.</p>
Judgments/Liens	Judgments and tax liens must be paid off prior to or at closing
IRS Taxes Owed (No Lien)	<p>For IRS taxes owed and no lien is present all of the following requirements must be met:</p> <ul style="list-style-type: none"> • A copy of the repayment agreement is obtained; • A minimum of 3 months has elapsed on the plan and evidence of timely payments for the most recent 3 months is provided.
Minimum FICO	<p>Each borrower and/or guarantor must have a valid score from at least 2 of the following 3 agencies: Experian (FICO), Trans Union (Empirica), and Equifax (Beacon). Only scores from these agencies are acceptable.</p> <p>The applicable credit score is the middle of three scores provided for any borrower. If only two credit score are obtained, the lesser of two will be used. When there are multiple borrowers, the lowest applicable score from the group of borrowers is the representative credit score for qualifying.</p>

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INCOME/ASSETS

Employment/ Income Analysis	There is no employment verification or income analysis under the Investor Advantage Program.
Assets	Must be sourced/seasoned for 60 days. Deposit verification and seasoning of assets must be documented by two months bank statements. Marketable securities require a copy of the stock certificate. Retirement accounts require documentation verifying the lending terms of the account. All large deposits must be sourced per FNMA guidelines. Asset documentation must be dated within 90 days of the date of the note. Evidence of liquidation is required for all securities and real estate. Evidence of transfer of funds is required for all cash accounts. Gifts are acceptable for down payment provided minimum borrower investment requirements are met. Sources of funds used for the minimum required investment and reserves must be owned by the borrower.
Eligible Sources of Assets	Acceptable sources of funds are bank deposits (checking/savings), marketable public traded securities, loans secured by borrower's assets, sale of real estate, funds borrowed secured by real estate, withdrawals from trust funds, proceeds from surrendered life insurance, retirement accounts using 60% of available/vested balance (SEP-IRA, 401K), business assets provided they are used for down payment and closing costs only and borrowers are at least 50% owners of the business with documented access to funds, see guidelines.
Ineligible Sources of Assets	Cash-on-hand, Sweat equity, Gift or grant funds which must be repaid, Down payment assistance programs, Bridge loans, Unsecured loans or cash advances, Section 8 Voucher Assistance, and Cryptocurrency (digital assets such as bitcoins)
Borrower Investment/ Contribution	5% own funds (excludes Seller Contributions as detailed below)
Gift Funds	Gift funds permitted for down payment. Must be from relative. Signed Gift letter required. See guidelines for detailed requirements.

PURCHASE MONEY

Seller Contribution/ Sale Concessions	Maximum seller contribution up to 4% toward closing. Sales concessions exceeding the seller contribution limits must be deducted from the sales price before calculating the LTV/CLTV. Financing concessions are not permitted.
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GENERAL

Age of Documents	Credit Report 90 days; Title Report 90 days; Appraisal 120 days; Closing Protection Letter (CPL) 90 Days
Loan Terms Available	30-Year Fixed, 5/1 ARM, 10/1 ARM, 5/1 ARM-IO and 10/1 ARM-IO
Qualifying Payment	Use Qualifying Rate for calculating PITIA
Interest-Only Qualifying Payment	Interest-only loans qualify using the fully amortized payment calculated over the fully amortizing period, based on the greater of the note rate or the fully indexed rate rounded up to the nearest eighth percentage to determine qualifying PITIA. For example, a 30-year loan with a 10-year interest-only period would have a 20-year fully amortizing period.
Escrow Waivers	Permitted

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GENERAL, continued

Assumptions	Not Permitted
Ineligible States	All loans: North Dakota; Massachusetts (Correspondent loans are eligible for Massachusetts and North Dakota). Interest Only not permitted in West Virginia
New York CEMA	Not permitted.
Eligible Borrowers	U.S. Citizens, Permanent Resident Aliens, and Non-Permanent Resident Aliens. Permanent Resident Aliens must provide proof of lawful residence, green card and permanent right to work in the U.S. Non-Permanent Resident Aliens must provide proof of lawful residency, work authorization, and an unexpired, valid visa with at least three years left to work in the U.S., Business entities (e.g. Limited Liability Companies, Limited and General Partnerships, Corporations, S-Corps).
Ineligible Borrowers	Foreign Nationals, Deferred Action for Childhood Arrivals (DACA - EAD Category C33), Borrowers with Diplomatic Immunity, Non-Permanent Resident Aliens who do not have a green card or a valid visa, Borrowers without a credit score, Borrowers holding title in the name of a trust, Borrowers with more than 5 CMS financed properties, including the subject property.
First Time Investors	Permitted. A First-Time Investor is a borrower who has not owned at least one investment property for at least 12 months anytime during the most recent 12-month period. Maximum 75% LTV with FICO ≥ 680 and DSCR ≥ 1.00. Maximum 65% with FICO < 680 or DSCR < 1.00.
Loans to Employee(s) of Broker/Seller	Permitted. See Carrington Investor Advantage Program Guidelines for specific requirements.
Borrower's Spouse Owns Primary Residence	See Evidence of Primary Residence in Credit Section.
Power of Attorney	A Limited Power of Attorney (POA) is acceptable. Refer to Carrington Investor Advantage Program Guidelines for requirements.
Rent Loss Insurance	Rent Loss insurance for the subject property is required and must equal at least 6 months of local average monthly rents. Blanket policies covering the subject property are permitted. Refer to the Carrington Investor Advantage Program Guidelines for complete property insurance requirements.
Mortgage Insurance (MI)	Not Required
Prepayment Penalty	Permitted for Investment Properties and may only be charged when permissible by State law. Note: A Business Purpose Affidavit must be executed at closing if a prepayment penalty is charged.
Investor Advantage Required Forms	Business Purpose & Occupancy Affidavit (all borrowers are required to sign at closing to declare that the property is, or will be, for commercial business or investment purpose only). Two copies are required: The initial disclosure provided is for informational purpose only and does not need to be signed and the disclosure generated with the closing documents must be signed AND notarized. <ul style="list-style-type: none"> • Guaranty (if applicable) • 1-4 Family Rider/Assignment of Rents (FNMA Form 3170)