



We are pleased to assist you with your Carrington loan assumption. Please review the following key details to ensure a smooth and timely process. For the purposes of this document, "Borrower" refers to the assuming party.

Assumption Process Overview

- **Timeline:** Assumptions may take up to 90 days to complete. While most are finalized sooner, each file is unique. Prompt responses to document requests will help expedite the process. Please note that documents should be uploaded to our portal and screen shots/photos are not acceptable.
 - **Qualification:** Borrowers must meet eligibility requirements. This typically includes a credit report and income documentation to confirm debt-to-income ratio compliance. FHA assumptions may allow exceptions in cases of divorce.
 - **Communication:** Borrowers will receive email updates when the file is assigned to a Coordinator, upon approval, and when cleared to close. After approval, a Closing Processor will provide next steps.
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Borrower Responsibilities

- **Loan Status:** The Carrington loan must be current at closing. The original amortization schedule determines the balance being assumed. If the loan is delinquent, the assumed balance will be lower than the balance in our servicing system, potentially requiring renegotiation of the purchase price.
 - **Example:** The Carrington loan is due for February 2025, and the assumption is closing August 2025. The current balance is \$250,000. When the 7 payments are applied, the principal balance is reduced to \$245,800. This is the amount that will be assumed.
- **Escrow Funds:** Sellers decide whether escrow balances are refunded to them or transferred to the buyer. If refunded, the Borrower must establish a new escrow account.

Required Documentation:

- All parties must sign necessary disclosures, transfer deeds (if applicable), and liability transfer documents.
- Final documents must be notarized by a U.S. notary. Electronic signatures are not accepted. If notarization poses challenges, please notify us early.
- All current Carrington borrowers must sign, even if they have been removed from title to the property.
- We will be sending a separate email with eConsent directions and a list of basic documents needed.

Power of Attorney (POA):

- POA may be permitted, except in single-party transactions (unless the Borrower is active-duty military).
- POA requirements vary by transaction. Submit POA documentation early, along with a handwritten explanation of its necessity.

Funds to Close & Fees

- **Assumption Fee:** Carrington charges a processing fee, which varies by product and state.
- **Closing Costs:** Standard fees may include, but are not limited to:
 - Title Search, Notary, Settlement, Recording, Document preparation, Credit report, Transfer taxes, City/county stamps

These fees are determined by the title company and disclosed in the Loan Estimate. Borrowers must provide verified asset statements to confirm sufficient funds. Funds used at closing must come from verified accounts.

- **Seller Contributions:** Sellers may agree to cover closing costs. This must be documented in the purchase contract. Seller credits cannot exceed actual borrower costs.

Title Company Selection

- Borrowers may choose their own title company or use one of Carrington's affiliates.

- Some title companies lack experience with assumptions, which can complicate the process.
 - Carrington's affiliates are familiar with assumptions and offer competitive fees. If selecting an outside title company, ensure they have relevant experience.
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Payment Schedule

- Mortgage payments are due on the **first day of each month**.
 - The first payment is not deferred. For example, if the assumption closes in February, the first payment is due March 1, regardless of the closing date.
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Questions

- Once your file is assigned, your Coordinator can help you with any questions.