Product Matrix

Carrington Flexible Advantage Plus Program (for applications on and after 06/21/18)

Program Codes: See the Program Codes section

Version 4.8 – 01/17/19

CARRINGTON MORTGAGE SERVICES, LLC

Program Maximum LTVs

Program Max LTVs			Primary				Investment			
			Full Doc		Alternative Doc		Full Doc		Alternative Doc	
Loan Amount	Reserves	FICO	Purch & R/T	Cash Out	Purch & R/T	Cash Out	Purch & R/T	Cash Out	Purch & R/T	Cash Out
≤ $1,500,000	6 Months	720	90%	85%	90%	85%	85%	80%	80%	75%
		680	90%	85%	90%	85%	80%	75%	80%	75%
		660	90%	80%	85%	80%	80%	75%	75%	70%
		640	85%	80%	85%	80%	80%	75%	75%	70%
		620	85%	80%	80%	80%	80%	70%	75%	70%
> $1,500,000 up to $2,000,000	12 Months	720	85%	80%	85%	75%	75%	70%	70%	70%
		680	85%	75%	80%	75%	75%	65%	70%	65%
		660	80%	75%	80%	75%	75%	65%	70%	60%
		640	80%	70%	80%	70%	75%	65%	70%	60%
		620	80%	70%	80%	70%	-	-	-	-

55% DTI	1 Year Alt Doc	Max LTV
• Full Doc • FICO ≥ 680 / LTV ≤ 85% • Primary Residence • 12 Months Reserves • Residual Income ≥ $3,500	• 1 Year Tax Return • 1 Year W-2 • 12 Months Bank Statements • Max LTV = 85% • Max DTI = 43%	• Second Homes = 80% • Condominium = 85% • Non-Warrantable, 2-4 Unit, and Modular = 80%

Income	
Full Documentation	2 Years W-2 Income or 2 Years Tax Returns
Asset Depletion	FICO ≥ 680 and ≤ 80% LTV (Full Documentation Matrix)
Alternative Documentation	• 24 Months Business or Personal Bank Statements • 12 Months Business or Personal Bank Statements • 1 Year Documentation (W-2 or Tax Return)

Investment Property Overlays

- No subordinate financing

Program Requirements	
Mortgage History	1x30x12
Foreclosure Seasoning	36 Months
Short Sale/DIL Seasoning	36 Months
Chapter 13 BK Seasoning	36 Months
Chapter 7/11 BK Seasoning	36 Months
Residual Income(1)	$2,500
Maximum Cash Out LTV > 75%	$500,000
Maximum Cash Out LTV ≤ 75%	$750,000
Standard Debt Ratio	50%
Expanded Debt Ratio	Up to 55%
Minimum Loan Amount(2)	$100,000
Maximum Loan Amount	$2,000,000

(1) Does not apply to Investment Properties

(2) NY loans: Primary Residence and Second Homes ONLY require a minimum loan size of "Conforming Balance plus $1".

Products	
5/1 ARM, 7/1 ARM & 10/1 ARM	30 Year Fixed

ARM Margins & Caps		
5/1 ARM	Margin: 3.50	Caps: 2/2/5
7/1 & 10/1 ARM	Margin: 3.50	Caps: 5/2/5
Index = 1 Year LIBOR, Floor = Start Rate		

Qualifying Rate (see also Qualifying Payment Below)

Fixed = Note Rate

ARM = Greater of Note Rate or Fully Indexed Rate

Carrington Flexible Advantage Plus Program – Guideline Requirements	
COLLATERAL	
General	Property must be in average or better condition. C4 and Q4. Deferred maintenance is allowed provided the neglected item is not structural in nature (as noted by the appraiser). Deferred items may be left "as is" if the aggregate cost to cure the deficiency does not exceed $2,000 or impact the safety or habitability of the property.
Occupancy	Primary Residence, Second Homes, and Investment Properties
Second Homes	Second homes are restricted to 1-unit dwellings. Second homes must be located a reasonable distance away from the borrower's primary residence and must be available for borrower's exclusive use. Borrower may not own any other second homes or investment properties in the same geographic market as the subject property. Second homes cannot be subject to rental pools or agreements requiring property to be rented and cannot be controlled by a management firm. Suitable for year-round occupancy.
Appraisal	1 Full appraisal required. Exterior and Interior inspection. Color photographs required.
Appraisal Review	Loans with a Fannie Mae Collateral Underwriter (CU) score of 2.5 or lower do not require a Clear Capital Collateral Desktop Analysis (CDA). If the CU score is greater than 2.5, a CDA is required for all properties. See Carrington Flexible Advantage Underwriting Guidelines for full details on the available review products.
Appraisal Updates	Permitted. Follow guidelines and acceptable extension dates. The appraisal may be no older than 240 days at closing with an appraisal update.
Condo Warrantable and Non-Warrantable	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 Flexible Advantage Underwriting Guidelines for condominium specifications.
All Properties Square Footage	Minimum of 600 square feet of gross living area.
Eligible Property Types	SFR, PUD, Townhome, Condominium, 2-4 Unit, Modular and Mixed-Use Properties.

COLLATERAL, continued	
Ineligible Property Types	Co-ops, Condotels, Manufactured, Unique properties, Leaseholds, Rural properties, Log Homes, Agriculturally Zoned properties, Properties that provide income to borrower, Farms or Hobby/Working Farms, Properties with oil, gas, or mineral rights, Builder Model Leaseback, Non-Conforming zoning regulations that prohibit rebuilding, Properties subject to Rent Control regulations.
Mixed Use Properties	CMS will allow for mortgages that are secured by 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. The following special eligibility criteria must be met: • The property must be a one-unit dwelling that the borrower occupies as a principal residence. • The borrower must be both the owner and the operator of the business. • The property must be primarily residential in nature. • The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property. The appraisal requirements for mixed-use properties must: • provide a detailed description of the mixed-use characteristics of the subject property; • indicate that the mixed use of the property is a legal, permissible use of the property under the local zoning requirements; • report any adverse impact on marketability and market resistance to the commercial use of the property; and • report the market value of the property based on the residential characteristics, rather than of the business use or any special business-use modifications that were made. • report that no modifications have been made that would adversely affect marketability; A confirmation of the appraiser's review will be performed by a Due Diligence (DD) firm. If the DD firm disagrees with the appraiser, DD findings will take priority over appraiser findings.
Property Flipping	365 flip provisions apply and must comply with HPML flip rules, see Carrington Flexible Advantage Underwriting Guidelines for specifications.
Resale/Deed Restrictions	Communities where the minimum age requirement is 55 are permitted.
Maximum Number of Financed Properties	There is no limit on the number of other properties borrowers may currently have financed. Second homes and Investment Properties require 2 months additional reserves for each additional financed property. See Carrington Flexible Advantage Underwriting Guidelines for additional requirements.

TYPES OF FINANCING	
General Refinance Requirements	Rate/term refinance and cash-out refinance transactions are allowed. **Determining Loan-to-Value** If the subject property was acquired > 12 months from application date, the appraised value must be used to determine loan-to-value. If the property was acquired ≤ 12 months from application date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) must be used. The purchase settlement statement and any invoices for materials/labor will be required.
Rate & Term Refi / Limited Cash Out	No seasoning of first mortgage. If owned less than 12 months (recorded transfer date to application date of the new loan), the LTV is be based on lower of appraised value less any sales concessions or the original sales price. If owned more than 12 months, (recorded date to application date of new loan), the LTV is based on the current appraised value. If value has increased more than 15%, photos of improvements are required. Maximum cash in hand is the lessor of 2% of the principal of the new loan amount or $2000. HUD-1 settlement statements required from any transaction within past 6 months. If previous transaction was cash-out or if it combined a first and non-purchase money subordinate into a new first, loan to be coded cash out. 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.
Listed For Sale or Purchase	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 occupancy. 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.**
Cash-out Refinance	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 and a minimum of 6 months must have elapsed since the most recent mortgage transaction on the subject property (either the original purchase transaction or subsequent refinance). Note date to note date is used to calculate the 6 months. There is no waiting period if the borrower acquired the property through an inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership. If the requested loan amount exceeds the original purchase price, the loan amount can be approved if the LTV is at least 10% below the published maximum LTV.

TYPES OF FINANCING, Continued	
Cash Out	Maximum Amounts: LTV > 75% = $500,000 LTV ≤ 75% = $750,000 Cash out can be used for reserve requirements and/or to pay off debt for qualifying.
All Refinances	All refinance transactions must have Net Tangible Benefit to Borrower and Continuity of Obligation.
Construction-to-Perm	Not permitted
Texas A(6) Refinances	Permitted. Refer to Carrington Flexible Advantage Program Guidelines and Texas Home Equity Matrix for full details.
Secondary Financing - Payoff	Allowed for Primary Residence and Second Home
Secondary Financing - Subordination	Allowed for Primary Residence and Second Home. Not permitted on Investment Properties. Maximum 90% CLTV (Institutional seconds only)
CREDIT	
Minimum Credit History - Primary Wage-earner Requirements	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 Trade lines must meet the following: The credit line must be reflected on the borrower's credit report • 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 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.
Limited Tradelines	Not permitted
Disputed Tradelines	Borrowers are not required to remove disputed tradelines from their credit report regardless of the number of accounts or the amounts. A disputed account is not a waiver of the debt from consideration in underwriting. Disputed accounts must meet the guideline requirements for collections and/or charge off status unless there is documentation provided of a bonafide dispute such as a police report due to fraud or theft.
Non-Traditional Credit	Not permitted
Qualifying FICO	The FICO of the Primary Wage Earner which will be the score used for grading and pricing. Primary wage-earner may be an occupying or non-occupying co-borrower.
Rapid Rescore	Permitted. See Underwriting Guidelines for additional requirements.

CREDIT, continued	
Mortgage/Rental History	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. 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. 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. Borrowers with no housing history or less than 12 months housing history are permitted. Refer to Carrington Flexible Advantage Underwriting Guidelines for full details.
Forbearance Due to FEMA Disaster	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 and able to meet ability-to-repay (ATR) requirements).
Late Payments	**Rolling Late Payments:** Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually for loan eligibility. **Past Due Accounts:** Past due consumer debts can be no more than 30 days past due at time of closing unless the past due consumer debt will be paid off at closing. For mortgage late payment requirements refer to Mortgage/Rental History above.
Bankruptcy	Minimum 36 months seasoning since discharged/dismissed.
Short Sale/ Foreclosure/ Deed-in-Lieu/ Modification	Minimum 36 months seasoning since event.
Collections/Charge Offs	The following accounts may remain open: • 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 **Collections and charge-off balances exceeding the amounts listed above must be paid in full under the Carrington Flexible Advantage Plus Program.**

CREDIT, continued	
Judgments/Liens	Judgments and tax liens must be paid off prior to or at closing, unless the requirements listed below are met. Adverse credit that will impact title must be paid in full as title must insure our lien position without exception. Court-ordered judgments may remain open when all of the following requirements are met: • 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; and • The maximum payment required under the plan is included in the debt-to-income ratio. Outstanding tax liens may remain open on purchase transactions only (additional LTV reductions may be required based on the size of the lien). All of the following requirements must be met: • 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; • The maximum payment required under the plan is included in the debt-to-income ratio; and • The title company must provide written confirmation confirming (a) the title company is aware of the outstanding tax lien, and (b) there is no impact to first lien position.
IRS Taxes Owed (No Lien)	For IRS taxes owed and no lien is present all of the following requirements must be met: • 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; • The maximum payment required under the plan is included in the debt-to-income ratio.
Minimum FICO	The primary wage-earner score is used as the Representative Credit Score for each loan. The primary wage-earner 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. Additional borrowers on the loan must have at least one valid score of 620 or greater. To determine the Representative Credit Score for the primary wage-earner, select the middle score when 3 agency scores are provided and the lower score when only 2 agency scores are provided.
Minimum Payment	Use the greater of $10 or 5% of balance for revolving accounts if payment not reporting. Include all revolving payments regardless of the number of payments remaining. Revolving accounts are allowed to be paid off prior to or at closing in order to exclude the payment from the debt ratio. Revolving accounts do not have to be closed to exclude the payment from the debt ratio. For 30-day accounts/accounts paid in full on a monthly basis (i.e.: American Express), use 5% of the outstanding balance unless borrower has sufficient liquid assets verified to pay the full balance. Installment payments may be excluded with 10 or less payments remaining, except for car leases. Installment debts can be paid down to meet the 10 payments. If the excluded payment is 5% or more of the borrower's qualifying income, the underwriter must review the transaction for ability to repay.

INCOME/ASSETS	
Employment	All borrowers must have a 2 year employment history. Borrowers should provide a signed, written letter of explanation for any employment gaps that exceed 30 days in the most recent 12-month period, or that exceed 60 days in months 13-24. Borrowers newly employed are allowed with documentation showing the borrower was previously in school or a training program and borrower is now employed in that line of work.
Income	Paystub(s) covering the most recent 30-day period providing year-to-date earnings at approval date. E.g. paid weekly = 4 paystubs, Bi-weekly/semi-monthly = 2 paystubs.
Residual Income	$2,500 plus an additional $150 per dependent is required for Primary Residence and Second Homes only. Residual Income not required on Investment Properties.
Self-employed	Two years personal & business tax returns with all schedules if borrower has 25% or greater ownership interest in the business. Personal and business tax returns must be validated through a 4506-T and 8821 when applicable. If tax transcripts are not available due to recent filing, a copy of the IRS notice showing "No record of return filed" is required in addition to the previous 2 years validated tax returns. Borrowers are qualified using the returns validated. A Liquidity Test is not required to qualify the borrower.
Non-Salaried	Two years documentation and evidence of at least 3 year continuance is required. Retirement Income requires a copy of the award letter and most recent 1099's OR 3 months consecutive bank statements showing receipt of the income. Social Security income can be taxed up 25% or an amount that is prudent based on federal tax levels but not to exceed 25%. Documentation is required to show the income is non-taxable. Alimony and child support must be received at least 6 months to be used for qualifying. Alimony and child support received less than 12 months may be used provided it does not exceed 30% of the borrower's qualifying income.
Rental Income	Rental income from a 1-unit primary residence or second homes may not be used. Boarder income cannot be used. **Note:** If rental income from the subject property is not being used to qualify, the gross monthly rent must still be documented with appraisal forms 1007 and 216 for lender reporting purposes. All rental income must be accounted for in the cash flow even if not needed to qualify. Subject property (2 unit primary residence) - use the income approach section from the appraisal and a copy of the current lease is required. If the property has been owned for at least 1 year, borrower to provide tax returns with at least a 12 month rental history. If the property has been owned less than 1 year, rental income is calculated per the income approach from the appraisal. Rental Income from other real estate owned - rental income from another property owned prior to loan application should be calculated using the borrower's federal income tax returns for the most recent 12-month period (Cash Flow Analysis from Schedule E). Income should be averaged. Net rental losses should be included in ratios as a liability. For properties owned for less than 1 year, rental income should be calculated using the lesser of: • 75% of the current lease minus the full PITIA; or • Cash flow analysis of the Schedule E from the most recent year's federal income tax return (if applicable) Converting current residence into a rental: 75% of a lease minus the full PITIA may be used.

INCOME/ASSETS, continued	
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 sources of funds must be owned by the borrower. All large deposits must be sourced per guidelines. Asset documentation must be dated within 30 days of application and 120 days of closing. 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 provided minimum borrower investment requirements are met.
Eligible Sources of Assets	Acceptable sources of funds are bank deposits (checking/savings), marketable public traded securities (70% of account value), loans secured by borrower's assets, sale of real estate, funds borrowed secured by real estate, trust funds (60% of borrower's undistributed share), cash value/surrender value of life insurance (60% of the cash value), retirement accounts using 60% of available/vested balance (SEP-IRA, 401K), business assets provided it is used for funds to close only, cannot be used as income and the business assets belong 100% to the borrower, depleting the assets from the business account will not have a negative impact on the viability and cash flow of the business.
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, and Section 8 Voucher Assistance
Asset Depletion	Borrowers must have the lesser of (a) 1.5 times the loan balance or (b) $1mm in qualified assets, both of which must be net of down payment, loan costs and required reserves to qualify. Qualified Assets can be comprised of stocks, bonds, mutual funds, vested amount of retirement accounts and bank accounts. If a portion of the qualified assets are being used for down payment, closing costs, or reserves, those amounts must be excluded from the balance before analyzing a portfolio for income determination. **Please note:** Restricted stock and Margined Accounts are not considered qualified assets and are not eligible. The following assets are considered Qualified Assets and can be utilized to calculate income: • 100% of checking, savings, and money market accounts • 70% of the remaining value of stocks & bonds • 60% of retirement assets • 6-month seasoning of assets required The income calculation is as follows: Monthly Income = Net Qualified Assets / 120 Months. Refer to Carrington Flexible Advantage Underwriting Guidelines for additional information.
Borrower Investment/ Contribution	Primary Residence - 5% own funds Second Home - 10% own funds The minimum 5% requirement can be waived and gift funds used for the entire down payment when either of the following requirements is met: • LTV is ≥ 5% below max; or • Borrower has an additional 3 months of reserves (non-gift funds) A minimum borrower contribution of 10% is required on the following transactions (above waiver does not apply): • Primary residence with unverifiable housing history • Loan amount over $484,350 • Second home

INCOME/ASSETS, continued	
Gifts	Gift funds are acceptable on primary and secondary transactions once the borrower has met the minimum 5% contribution (Primary) or 10% (Second Home). Gift funds are not acceptable for reserves. The donor must be an immediate family member (spouse, child, dependent, parent, sibling, blood relative), future spouse, or domestic partner living with the borrower. The donor may not have any affiliation with a party to the transaction. A signed gift letter is required and must include the amount of the gift, the donor's name, address, telephone number and relationship to borrower. Proof of donor's ability to give and transfer of the gift funds/evidence of receipt is required.
Gifts of Equity	Gifts of equity on non-arm's length transactions are allowed. Transactions with gifts of equity are subject to the maximum LTVs available for cash-out transactions, and no minimum borrower contribution is required. The following requirements apply: Primary residence transactions only, Gift of equity is from an immediate family member, Six months of reserves required of borrower's own funds, Non-arm's length criteria is met, Signed gift letter is provided, and Gift of equity is listed on the settlement statement.
Minimum Reserves	Net proceeds from cash-out transactions **can** be used to meet the reserve requirement. Reserves must come from borrowers own funds. Subject property reserve requirement - refer to the above LTV, Additional Program overlays and requirements sections. Investment Properties and Second Homes Only: Minimum 6 months; 2 months of additional reserves required for each financed property; no limit on the number of other properties borrowers may have financed Multiple Financed Properties: 2 months for each additional property Use of Rental Income Without a Lease: 3 months in addition to standard requirement No Housing History or Less Than 12 Months Verified: 6 months For files that have more than the required 3 month reserves (e.g. >$1MM - $1.5MM loan amounts) the reserve requirement can be reduced to 3 months when all of the following requirements are met: • Primary Residence; and • LTV ≥ 10% below the maximum available for the transaction; and • DTI ≤ 43%. **Note**: At no time will a file have less than 3 months reserves.
Qualifying Reserves on ARM Loans	Reserves on ARM loans must be determined based on the Fully Indexed Rate. Reserves are measured by the number of months of the qualifying payment amount for the subject mortgage (based on PITIA) that a borrower could pay using his or her financial assets.
Ineligible Reserves	Cash-on-hand, Sweat equity, Gift or grant funds which must be repaid, Down payment assistance programs, Bridge loans, Unsecured loans or cash advances, and Section 8 Voucher Assistance
Debt Ratio	See Grid Above
Retaining current Residence	If subject is an owner occupied purchase transaction and borrower's current residence is pending sale, both the current and proposed housing payments are used to qualify.

INCOME/ASSETS, continued	
Non-Taxable Income	Must verify and document source of income is non-taxable. Documentation includes award letters, policy agreements, account statements or any other documents that address the non-taxable status of the income. All disclosed, non-taxable income must be grossed-up 125% even if not being used for qualification.
Manual Underwrite Only	Manual underwrite with CMS second signature required for all loans > $625,500. Once an underwriter has been released from test cases a second signature will not be required.
PURCHASE MONEY	
Seller Contribution/Sales Concessions	Maximum seller contribution up to 9% towards closing for Primary Residence and Second Homes (LTV ≤ 75%), 6% towards closing for Primary Residence and Second homes (LTV > 75%); Up to 2% toward closing for Investment Properties. Sales concessions must be deducted from the sales price before calculating the LTV/CLTV. Financing concessions are not allowed.
GENERAL	
Age of Documents	120 days
Loan Terms Available	30 year Fixed, 5/1 ARM, 7/1 ARM, 10/1 ARM
Qualifying Payment	Use Qualifying Rate for calculating PITIA
Escrow Waivers	Not permitted
Assumptions	Not permitted
Compliance	CMS complies with all applicable federal and state regulations
High-Cost HOEPA Section 32 (Fed/State)	Not permitted. States may impose different definitions of points and fees, rate, or APR than apply under HOEPA. States may also use different triggers in each category for determining whether a loan will be a "high-cost mortgage" (or equivalent terms) under state law. CMS does not originate loans defined as high-cost mortgages (or equivalent terms) under Federal or state law, regardless of the basis for the loan's treatment as such.
QM Fees	Limited to the Section 32 - 5% Limit
Ineligible States	Massachusetts; North Dakota
Illinois Anti-Predatory Lending Databases	Primary Residence: Completion of the Illinois Anti-Predatory Lending Databases is required for subject properties in Cook, Cane, Peoria, and Will counties. A Certificate of Exemption or Certificate of Compliance is required to record the loan.
Maryland HPML Attestation	In compliance with Maryland Mortgage Statue 09.03.06.20 – Duty of Care, Brokers must provide an executed HPML Attestation for HPML loans with a subject property in the state of Maryland.
New York Loans	Primary Residence and Second Homes: Loans require a minimum loan size of “Conforming Balance plus $1”. NY CEMA Loans are permitted. Investment Properties: Minimum Loan Amount = $100,000

GENERAL, continued	
Ability to Repay (ATR)	Fully Compliant (DTI>43% program follows all other ATR requirements) • Fully Documented Income • Full Appraisal • Escrows required for taxes and insurance • No Prepayment Penalty
Bank Statement Documentation	Self-employed borrowers are eligible for either Personal Bank Statement Documentation or Business Bank Statement Documentation. The following restrictions apply to both documentation types: • Borrowers must be self-employed for at least 2 years. • Business must be in existence for at least 2 years. • Standard Tradelines and a 12-month housing history are required. • Non-Permanent Resident Aliens and Foreign Nationals are ineligible. • All parties listed on each bank account must be included as borrowers on the loan. • Statements must be consecutive and reflect the most recent months available. • Statements must support stable and generally predictable deposits. Unusual deposits must be documented. • Evidence of a decline in earnings may result in disqualification. • Up to 3 NSF checks in the most recent 12-month period are allowed with explanation from the borrower. **Note:** Overdraft Protection Transfers are not considered an NSF. • If bank statements provided reflect payments being made on obligations not listed on the credit report, see Undisclosed Debts for additional guidance. • Paypal business account statements are ineligible. Paypal earnings must be deposited into a business or personal bank account for consideration. • W-2 Wages: Additional income deposited into the bank statements but derived from a source other than the self-employed business may not be included in the bank statement average. W-2 earnings must be documented as per the requirements in Wage-Earners along with a processed 4506-T verifying the W-2 earnings only. W-2 transcripts may be used in lieu of paper W-2s. • Rental Income: Obtain the most recent lease agreement(s) for rental properties and proof of receipt at the current lease rate using a cancelled check or bank statement. Calculate the qualifying rents by using 75% of the current lease minus the full PITIA.
Eligible Borrowers	U.S. Citizens and 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. All qualifying borrowers must have a documented 2 year consecutive work history in the U.S.

GENERAL, continued	
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 who are not natural persons (i.e.: Corporation and Partnership), Borrowers holding title in the name of a trust, Borrowers with more than 5 CMS financed properties, including the subject property.
First Time Investors	Not permitted
First Time Homebuyers	Verification of 12-months' rent required via cancelled checks or bank statements. 6 months reserves from borrower's own funds required.
Mortgage Insurance (MI)	Not Required
Rent Loss Insurance	Not Required
Prepayment Penalty	Owner Occupied (Primary Residence and Second Homes): Not Permitted Non-Owner Occupied (Investment Properties): Permitted 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.

Carrington Flexible Advantage Plus Program Codes	
Program Code	**Description**
NE30F	30–Year Fixed
NE30FALT1YR	30–Year Fixed 1 Year Alternative Documentation
NE30FBANK12	30–Year Fixed 12 Month Bank Statements
NE30FBANK24	30–Year Fixed 24 Month Bank Statements
NE51A	5/1 LIBOR ARM
NE51AALT1YR	5/1 LIBOR ARM 1 Year Alternative Documentation
NE51ABANK12	5/1 LIBOR ARM 12 Month Bank Statements
NE51ABANK24	5/1 LIBOR ARM 24 Month Bank Statements
NE71A	7/1 LIBOR ARM
NE71AALT1YR	7/1 LIBOR ARM 1 Year Alternative Documentation
NE71ABANK12	7/1 LIBOR ARM 12 Month Bank Statements
NE71ABANK24	7/1 LIBOR ARM 24 Month Bank Statements
NE101A	10/1 LIBOR ARM
NE101AALT1YR	10/1 LIBOR ARM 1 Year Alternative Documentation
NE101ABANK12	10/1 LIBOR ARM 12 Month Bank Statements
NE101ABANK24	10/1 LIBOR ARM 24 Month Bank Statements