

HOW DOES THE LOAN ASSUMPTION PROCESS WORK AND HOW CAN I BENEFIT?

Carrington
mortgage services, llc
NMLS ID #2600

WHAT IS AN ASSUMABLE MORTGAGE?

An assumable mortgage allows a qualified buyer to assume a seller's current mortgage loan, including the interest rate, remaining term, payment period, remaining principal balance, and additional terms of the mortgage.



HOW DOES THE LOAN ASSUMPTION PROCESS WORK?

If a mortgage loan is assumable, the owner of the property may elect to sell their home to a qualified buyer, allowing the buyer to assume the current loan, including the remaining terms and remaining balance. If the current sales price of the home is higher than the remaining principal balance (also known as home equity), the buyer will have to cover the difference at closing with cash or cash and a second mortgage loan depending on the maximum CLTV (Combined Loan to Value) determined by the lender.

In the event the buyer(s) are assuming the loan, they would be required to go through the application and underwriting process as required by the current lender. The lender will have to approve the full transfer of liability from the seller to the buyer, requiring that the buyer qualify. Qualifying would include (but is not limited to) credit and income requirements.

To learn more, contact our Assumption Support Team by calling 844-889-0080 or emailing: Assumptionsteam@carringtonms.com to determine your eligibility.

WHICH MORTGAGES CAN BE ASSUMED?

Not all types of mortgages are assumable.

FHA and VA mortgages can be assumed, while USDA and Conventional ARM mortgages may be assumable, but under specific conditions.

When assuming FHA mortgages specifically, Carrington may offer a simultaneous Closed-End Second Mortgage Loan* to the qualifying buyer for an amount up to 80% of the sales price or property value.

In the case of a VA loan being assumed, if the assuming qualified buyer is a non-veteran, the seller's VA entitlement will remain tied to the assumed property and therefore cannot be used by the veteran to purchase another property until the assumed loan is paid in full.

HOW CAN YOU BENEFIT FROM A MORTGAGE LOAN ASSUMPTION?

If your mortgage is eligible for an assumption, you may benefit from having your real estate agent advertise that the loan is assumable at a lower than current market interest rate.

For a qualified buyer, assuming a current mortgage could mean saving significant money in interest if the mortgage has a lower interest rate compared to current interest rates. Oftentimes there are fewer closing costs associated with mortgages that are assumed. In addition, under certain conditions the lender will not require an appraisal when a mortgage is assumed, saving the buyer additional money.

WHERE DO I START?

To get started, you will need Carrington's Assumption Package. Download the Assumption Package from the Carrington website: <https://www.carringtonmortgage.com/marketing/assumption>.

To learn more about how an assumable mortgage could benefit you, please contact our Assumption Support Team by calling 844-889-0080 or emailing: Assumptionsteam@carringtonms.com to determine your eligibility.

In cases of property transfer or inheritance where a sale is not initiated, the process for assumption of a mortgage may be simpler. If this is the case, please speak with our Loan Servicing Customer Contact Center at 800-561-4567 for options specific to your mortgage.



*The Closed End Second Mortgage Loan product is a second lien mortgage secured by your home. All loans are subject to credit, underwriting, and property approval guidelines. Minimum 680 FICO. Maximum 50% debt-to-income ratio, and CLTV up to 80% based on occupancy and FICO. Payments do not include taxes and property insurance. Please consult with your tax advisor regarding deductibility of interest on a home equity loan. Interest rates and program terms are subject to change without notice. Property insurance is required. Other restrictions may apply. © Copyright 2007-2023 Carrington Mortgage Services, LLC headquartered at 1600 South Douglass Road, Suites 110 & 200-A, Anaheim, CA 92806. Toll Free # (800) 561-4567. All rights reserved. NMLS ID # 2600. For licensing information, go to: www.nmlsconsumeraccess.org. AZ: Mortgage Banker BK-0910745; CA: Licensed by the Department of Financial Protection and Innovation, File No. 413 0904; GA: Georgia Residential Mortgage Licensee # 22721. MN: This is not an offer to enter into an interest rate lock agreement under Minnesota Law. MO: Missouri Mortgage Company License #2600. In-State Office: Missouri In-State Branch License #1275361: 251 SW Noel, Lees Summit, MO 64063. NJ: Licensed by the N.J. Department of Banking and Insurance. NV: Mortgage Company License # 4068 (Residential Mortgage Origination/Lending). NY: Licensed Mortgage Banker—NYS Department of Financial Services. New York Mortgage Banker License #B500980/107664. RI: Rhode Island Licensed Lender, Lender License #20112809LL. VA: NMLS ID #2600. Also licensed in AK, AL, AR, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MS, MT, NC, NE, NH, NM, OH, OK, OR, PA, SC, SD, TN, TX, UT, VT, WA, WI, WV and WY. NOTICE: All loans are subject to credit, underwriting, and property approval guidelines. Offered loan products may vary by state. There is no guarantee that all borrowers will qualify. Restrictions may apply. This is not a commitment to lend. Terms, conditions, and programs are subject to change without notice. Carrington Mortgage Services, LLC is not acting on behalf of or at the direction of HUD/FHA or any government agency. All rights reserved.