



CBC Mortgage Agency's Chenoa Fund

Product Training

An introduction to CBC Mortgage Agency Chenoa Fund DPA for FHA
Loans Program

CBC Mortgage Agency
NMLS : 1186381



Did you Know?

"33% of all declined purchase mortgage loan applications were declined for either insufficient cash-to-close or disqualifying DTI ratios and also eligible for homebuyer assistance at the time of declination."

- DOWN PAYMENT RESOURCE

Statistic derived from a 2022 analysis of HMDA data for tens of thousands of declined purchase mortgage loan applications representing \$3.7 billion in volume furnished by mortgage lenders.



About CBC Mortgage Agency

We are a Native-owned, federally chartered, government agency. We provide down payment assistance on a correspondent basis to our lender partners.

CBC Mortgage Agency was incorporated in 2013 by the Cedar Band Corporation (CBC). CBC is an enterprise wholly owned by the Cedar Band of Paiutes in Utah.



Chenoa

Fund

CBC Mortgage
Agency

General Overview

- Chenoa Fund is the program name for CBC Mortgage Agency's suite of loan products offered to borrowers in the form of second mortgages.
- We operate in all states except New York.
- We provide the 3.5% or 5% down payment needed for FHA loans for the second mortgage. Up-front fees are limited only by the QM 3% points and fees rule.
- The first mortgage must be sold to CBC Mortgage Agency; the down payment funds that were advanced are reimbursed at the time of sale.
- Approved property types include SFR, PUD, Townhome, Condo, Attached, Detached, and Modular Homes. Manufactured Homes are allowed with certain products. Two-unit allowed.
- No borrower investment is required.
- Do not need to be a first-time homebuyer.

The Flow of a Loan

Origination

Loan officer originates a first & a second mortgage loan. TRID compliant.



Review Pricing

Your own lock desk reviews pricing. Pricing is set by your secondary team.



Register & Lock

Register & lock loan with your lock desk.



Underwriting

Your underwriting team underwrites and approves the first & second mortgage.

Follow FHA guidelines for the first mortgage.

Visit CBC Mortgage Agency website for the guidelines for the second mortgage.



Processing

Processing staff reviews & sets up first & second mortgages for your own underwriting team.



Disclosures

First & second mortgage loans sent to your disclosure team.



Closing

Closing packages ordered according to your standard practices.

First mortgage closes in your name with your funds.

Second mortgage closes in your name with your funds.

One or two wires may be sent for both first and second.



Post Closing

Collateral is sent to CBCMA
Docs uploaded to CBCMA portal CAP
File reviewed and cleared for Purchase
PA issued



Final Docs

Security instruments and Final Title Policy sent to Docprobe



Servicing

Goodbye letter sent

The Program

One program, one set of guidelines, offered nationwide to help with the 3.5% or 5% down payment needed for FHA loans.

The down payment assistance may be repayable or forgivable and comes in the form of a second mortgage loan on top of the FHA loan.



Term & Rate

Repayable:

A 10-year term with a note rate matching the first mortgage note rate. This loan requires a monthly payment on the second mortgage.

Forgivable:

30-year term, interest rate at 0%. Forgiveness is after 36 consecutive, on-time payments on the first mortgage for both the 3.5% and 5%

FHA First Mortgage Loan:

30-year term, fixed rate, full amortization. The FHA loan must be sold to CBC Mortgage Agency.



Program Requirements

DPA amount	3.5% or 5%
Term and rate	Repayable: 10-year term, with an interest rate matching the first mortgage. Forgivable: 30 year term, interest rate at 0%. Forgiveness is after 36 consecutive, on-time payments on the first mortgage for both the 3.5% and 5%
Credit score	Minimum 600. All borrowers must have at least one score.
AMI limit	NO income limits at this time
DTI	DTI overlays are determined by the qualifying credit scores on the loan. All FHA: Credit score 600+: DTI per AUS approval. If the borrower does not receive Approve/Eligible, a manual underwrite may be allowed; see section 5.25 (Manual Underwriting) for more information. Manually underwritten loans are suspended as of October 16, 2023.
Payment shock	Loans with AUS Approval will not have payment shock calculations applied. Manually underwritten loans are suspended as of October 16, 2023.
First-time homebuyer	No overlay. (Per FHA guidelines.)

Program Requirements

Homebuyer Education

Based on credit score: 600-619: Required. Must be through Money Management International. (No extra cost to borrower) 620-639: Required. Must be through any HUD-approved education course. 640+: No overlay.

First mortgage

30-year term, fixed rate, full amortization. Must be sold to CBC Mortgage Agency.

Property types

SFR, PUD, townhome, condo, attached, detached, modular. Also Manufactured (with 2 additional overlays.)

Units

1-2 units.

High balance

Repayable: Allowed for 3.5% and 5% assistance. Forgivable: Allowed for 3.5% assistance.

Non-occupant co-borrower

No overlay. (Per FHA guidelines.)

LTV/CLTV

LTV: Must be 90%-96.5% CLTV: No overlay.

Program Requirements

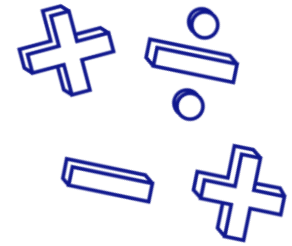
Residency	No overlays. (Per FHA guidelines. Up to correspondents to document lawful, legal residency.)
Manual underwriting	Suspended.
Additional properties owned	Allowed. LOE may be required.
Borrower contribution	\$0
Other	Not offered in the state of New York.
Temporary Interest Rate Buydown	1-1, 2-1 and 1-0 Buydowns are allowed. Manufactured housing ineligible.

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Calculating the Down Payment Amount



Take the appraisal value or the purchase price, whichever is lower, and multiply that by the down payment percentage, either 3.5% or 5%.

EXAMPLE:

Appraisal Value: \$285,000

Purchase Price: \$280,000

THE MATH:

$\$280,000 \times 3.5\% =$
 $\$9,800$

SECOND MORTGAGE AMOUNT:

\$9,800



FHA Homebuyer Education



Homebuyer education is required for borrowers with credit scores from 600–639. This course must be taken prior to closing. Any borrower on your transaction with scores equal to 3% or 5%

Borrowers with a Fico® score of 600–619

Borrowers are required to take a counseling course through [Money Management International](#). This course is paid for by CBC Mortgage Agency at no additional cost to borrower. Borrowers can take the course after their loan is registered.

Borrowers with a Fico® score of 620–639

Borrowers may use any HUD-approved counseling course or take a counseling course through Money Management International.

Displaying 2nd Lien Loan Fees on the 2nd LE

No lender fees should be charged on the second. The only fees allowed to be charged on the second are:

- Prepaid interest
- Recording fees for the Deed of Trust
- Reasonable settlement fees
- A courier fee to return the signed documents to the lender

At no time will CBC Mortgage Agency purchase a loan that exceeds the QM 3% points and fees test.

C. Services Borrower Did Shop For		\$160.00		
01	Title - Settlement Or Closing Fee to Highland Title	\$160.00		
02				
03				
04				
05				
06				
07				
08				
D. TOTAL LOAN COSTS (Borrower-Paid)		\$160.00		
Loan Costs Subtotals (A + B + C)		\$160.00		
Other Costs				
E. Taxes and Other Government Fees		\$40.00		
01	Recording Fees Deed: Mortgage			
02	Recording Fee to County	\$40.00		
F. Prepays		\$1.50		
01	Homeowner's Insurance Premium (months)			
02	Mortgage Insurance Premium (months)			
03	Prepaid Interest (\$ per day from 11/00/17 to 12/1/17)	\$1.50		
04	Property Taxes (months)			
05				
G. Initial Escrow Payment at Closing				
01	Homeowner's Insurance per month for mo.			
02	Mortgage Insurance per month for mo.			
03	Property Taxes per month for mo.			
04				
05				
06				
07				
08	Aggregate Adjustment			
H. Other				
01				
02				
03				
04				
05				
06				
07				
08				
I. TOTAL OTHER COSTS (Borrower-Paid)		\$41.50		
Other Costs Subtotals (E + F + G + H)		\$41.50		
J. TOTAL CLOSING COSTS (Borrower-Paid)		\$201.50		
Closing Costs Subtotals (D + I)		\$201.50		
Lender Credits				

Administrative Fee to show on the 1st LE Only

CBC Mortgage Agency charges a \$399 Admin fee. Any addition to the lender's fees to the borrower to offset this charge must never reflect as a charge payable to CBC Mortgage Agency and must always be listed in Section A, paid to the correspondent (for example, included in the Origination Charges or as a separate line-item charge)

Funding Obligation Letter

Funding Obligation Letter is required in the closed loan package for all programs.

The letter states:

- Where the down payment is coming from.
- CBC Mortgage Agency's promise to reimburse your company for the secondary financing.
- When we purchase the first mortgage, CBC Mortgage Agency reimburses the funds you advanced for the borrower's down payment.

1/11/24, 12:19 PM

MRI F O L



CBC Mortgage Agency
912 W. Baxter Drive, Suite 150
South Jordan, UT 84095
Tax ID # 46-2780478
NMLS ID/License # 1186381

Funding Obligation Letter

Lender:	CBC Test Account
Loan Application Number:	5024430
FHA Case Number	523-1250520-703
Borrower(s):	Test John
Purchase Price of Property:	\$610,000
Property Address:	1742 Renaissance Way Springville, UT 84663
Form of Assistance:	10 year Match
Amount of Assistance:	\$21,350
Interest Rate (If Applicable):	7.250
Term (If Applicable):	120
Monthly Payment Amount (If Applicable):	\$250.65
Commitment Date:	Thu Jan 11 2024 04:47:03 GMT-0700 (Mountain Standard Time)

As of the commitment date, CBC Mortgage Agency ("CBCMA") has incurred a legally enforceable obligation to provide the funds towards the Borrower(s)' Minimum Required Investment ("MRI"). Lender should close the first mortgage in Lender's name and deliver funds for the MRI to the closing entity prior to or at the time of loan closing. Under this funding obligation letter, CBCMA is incurring a legal enforceable obligation to reimburse the Lender from funds legally belonging to the CBCMA, when acting in its governmental capacity, at or before closing. Reimbursement will occur at the time the first mortgage is purchased by CBCMA. Loans that do not meet CBC Mortgage Agency program guidelines are subject to cancellation. When this occurs, an officer of the correspondent lender company is required to sign CBC Mortgage Agency's DPA Release from Obligation to Reimburse form.

Sincerely,

A handwritten signature in black ink that reads "Miki Adams".

Miki Adams
President
CBC Mortgage Agency

Advantages of Chenoa Fund DPA Program



Minimum Credit Score 600.



We allow concurrent homeownership.



We allow non-occupant co-borrowers.



Borrower does not have to be a first-time homebuyer.



Our program does not have income limits.



We do not require any borrower investment.



We provide 3.5% or 5% down payment assistance.



DTI per AUS with a 600-credit score.

FAQs

DOES THE BORROWER HAVE TO PROVE THEY NEED THE DPA?

No

ARE MCC TAX CREDITS ALLOWED AS AN INCOME CREDIT?

Yes

WILL YOU ACCEPT A 2-UNIT PROPERTY?

Yes

DO YOU REQUIRE HOMEBUYER EDUCATION?

Yes, on FICO scores of 600 - 639

WHAT TYPE OF FIRST MORTGAGE DOES THE BORROWER NEED?

30-year fixed FHA first mortgage.

DO YOU HAVE TO BE A FIRST – TIME HOMEBUYER?

No

DOES THE BORROWER HAVE A PAYMENT ON THE SECOND LIEN

Yes on repayable, No on forgivable.





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Thank you!

Marketing

Website Links:

Chenoafund.org

Chenoafund.org/blog

[Lender toolkit for Marketing: Chenoafund.org/lender-toolkit](https://Chenoafund.org/lender-toolkit)

Get Connected:



Facebook.com/ChenoaFundOfficial



Linkedin.com/18949102/



Twitter.com/Chenoa_Fund



Instagram.com/Chenoafundofficial/

FOR MARKETING INQUIRIES:

PLEASE REACH OUT TO JAMES BETHE

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Or

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