

Process for APT – Chenoa DPA Product

Z-APT Chenoa 30 Yr W Forgivable

In combination WITH

Z-APT Chenoa 30 Yr Forgivable 2nd

Steps for the Referring Loan Officer - APT LO Mentor and Support Staff

The assigned Mentor on this loan program is Josh Heinrich. You will be paid 50 BPS for referring each loan to the APT Bond Loan Unit.

*Note, sometimes these loans may come to APT after they were originally disclosed as a regular FHA. In these cases, that original loan must be denied, and a new loan must be started.

REFERRING LO / APT CORR MENTOR:

- 1) The APT Correspondent Mentor for this product is Josh Heinrich. You will also be assigned an APT Bond loan Unit Loan Officer to help you and the borrowers.
- 2) Make sure if this is a “restart” loan that the original loan lock was cancelled with FSB.
- 3) Please check Interest Rates on this product offering. If you have question, pleas contact Josh Heinrich for further discussion.
Here is a link to the APT Bond Loan Unit Rate Sheet:
[c39de5_36546727869349a787132c926c4338c0.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_36546727869349a787132c926c4338c0.pdf)
- 4) Set-up a purchase money second mortgage with a 360 Amortization and Zero (0%) Interest.
*Make sure that the only fees on each second mortgage are recording fees for the Deed of Trust, reasonable settlement fees, any governmental levied property tax stamps or recording taxes, a courier fee to return the signed documents to the Lender, and a MERS registration/transfer fee.
**Please contact a title company in the local area of the subject property to see if they have a special fee arrangement on reduced fees for “Purchase money 2nd Mortgage” Title charges.

Please click on this link to help you setup your second mortgage file in MBOT:

[c39de5_9d82032fb2ce43bda12ed092819b22ed.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_9d82032fb2ce43bda12ed092819b22ed.pdf)

YOU WILL NOT DISCLOSE THIS PRODUCT, YOUR ASSIGNED APT LOAN OFFICER WILL DISCLOSE EACH LOAN REQUEST!

- 5) Setup your first mortgage loan with a Purchase Money Second. Setup the loan like a regular FHA loan with a second mortgage. There will be no payment on the second mortgage.

Please click on this link to help you setup your loan with a second mortgage:
[c39de5_d32c7b9fb68c44eaa27c73218c948055.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_d32c7b9fb68c44eaa27c73218c948055.pdf)

*LE Should be set-up like a normal loan in the LO's area.

*There is always a 1% origination fee disclosed and a \$914 Underwriting fee on this product.

*There can be significant Discount to offer this DPA. Please see the APT Bond Unit Rate Sheet for the exact amount. If there is not a 6% seller concession the program may NOT be viable on lower rates.

*Try and setup your discount fee based on the APT Bond Unit Rate Sheet

*Please remember "Out of Area" loan policy on possible "Transfer Taxes".

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OTHER ITEMS TO BE AWARE OF:

- 6) Additional assistance (gift or secondary financing) may be combined with Chenoa's assistance programs if the underlying is an FHA-insured loan and Chenoa is in second lien position.

- 7) State Specific Guidelines:

South Carolina:

The minimum second mortgage loan amount is \$5,000. Therefore, for purchase prices below \$166,666.67 with 3% assistance, \$143,800 with 3.5% assistance, or \$100,000 with 5% assistance, the DPA amount will be \$5,000 in those states.

North Carolina:

Per state law, origination fees are capped at 1% for loans under \$300,000. For loans equal to or above \$300,000, lenders may exceed the 1.5% origination fee cap if there are no fees charged in the origination section of the CD (Section A) other than the origination fee. Loans must comply with QM guidelines (i.e. the 3% points and fees test).

- 8) Borrowers with a credit score of 600–639 are required to take a counseling course through Money Management International.

Please make sure that the LE has a cost for the required "Education/Counseling" fees on this loan program. See link below:

[Nonprofit Credit & Debt Solutions | MMI \(moneymanagement.org\)](https://moneymanagement.org/)

9) Review to make sure that the services have been run on all loan first loans, but **NOT** the Second Mortgages on this product. (Credit, DV, Flood, DU).

***NOTE THIS PRODUCT REQUIRES AN AUS APPROVAL. NO MANUAL UNDERWRITING IS ALLOWED!!!**

10) Note that on this product offering the second mortgage for DPA is added into the loan details page as a true 2nd mortgage and **NOT** as a gift or grant. The lien holder will be Flanagan State Bank for the percentage required on the particular Chenoa product.

11) Review loan for approvability vs. any Chenoa Guideline if you wish. The link is below:
[PowerPoint Presentation \(myfsbretail.com\)](http://myfsbretail.com)

12) You may NOT lock any Chenoa loan up-front. Each loan will be locked by the APT Loan Officer at time of initial approval.

13) Chenoa Funds Forgiveness Policy:

Forgiveness for both the 3.5% and 5% DPA:

Forgiven once the borrower makes thirty-six (36) **consecutive, on-time** payments on the FHA first mortgage. (The borrower must request forgiveness once forgiveness conditions are met and provide payment for processing the lien release.) This forgiveness period resets if the borrower makes a late payment on the first mortgage.

If this forgiveness condition is not met before the end of the 30-year term, then the loan may be forgiven at the borrower's request and upon the borrower's payment of processing the lien release. This loan permanently loses its forgivable status if, during the initial thirty-six (36) payments on the first mortgage, the borrower refinances the first mortgage and state law allows the second mortgage to subordinate without prior consent from CBC Mortgage Agency (Chenoa).

Please reach out to servicing@chenoafund.org to discuss subordinations. The loan must be repaid upon refinance or transfer of homeownership if forgiveness conditions are not met.

14) Chenoa Escrow Holdback Policy:

Minimum required repairs are established by the FHA Roster Appraiser, the FHA DE Lender, or both. Chenoa will accept escrow holdbacks. Exception requests for escrow holdbacks will be considered for weather-related repairs only—that is, repairs that cannot be completed prior to closing, due to inclement weather. All Escrow Holdback Agreements must be approved prior to Closing.

Note the following:

*Must be weather-related.

*Original appraisal must be completed “subject-to” the repairs required.

*Repairs must be required by the appraiser or lender in order to bring the property up to FHA minimum property standards.

*Contractor must provide an invoice with an estimate of work certifying that the work cannot be completed prior to disbursement (due to inclement weather conditions). Inclement weather conditions are generally considered to be between November and March.

*All repairs should be completed within six (6) months of the Note date.

15) Please perform a proper “Soft Pass” to the APT Bond Loan Unit. Please advise the borrowers that you will not be the loan officer on their application, but a loan officer will be reaching out to them within 48 hours that specializes in this product that will work with them directly throughout the process.

16) **AFTER YOUR REVIEW AND LOAN SETUP PLEASE SEND AN EMAIL TO APTbond@FlanaganStateBank.com AND ADVISE YOU HAVE A CHENOA LOAN READY FOR DISCLOSURE!**

APT LOAN OFFICER:

14) Please email loa@flanagansstatebank.com and ask them to update the loan to that of a “383” branch code before you start setting up each loan for disclosure. This three digit code is very important.

15) Transfer the loan into (NOT copy a new) APT Institution. See screen shot below:

The screenshot shows a web-based interface for loan management. On the left is a sidebar with an 'Actions' menu containing options like 'Archive Loan', 'Change Origination Type', 'Copy Loan', 'Edit Fannie Mae Casefile ID', 'Edit LPA Key', 'Export Loan', 'Final', 'Release from Processor', 'Flag Employee', and 'Transfer Loan'. A red arrow points from the 'Transfer Loan' option in the menu to the 'Transfer Loan' button in the 'Co-Borrower Information' section of the main form. The main form includes fields for 'Home Phone', 'Work Phone', 'Cell/Alt Phone', and 'Fax'. It also has sections for 'Present Address' and 'Mailing Address', each with fields for 'Address Street', 'City', 'State', 'Zip', and 'Zip Ext.'. The 'Co-Borrower Information' section is expanded, showing 'Intent To Proceed' and 'Method Provided' fields.

16) Please make sure the Purchase Agreement is uploaded to both files.

17) Please make sure that all “Vendor Information” is present on either the notes section n MBOT or on the purchase agreements. See #18, and #19 below. This includes information on where title should be ordered, all real-estate agents and companies, surveyor’s (I/A), and other inspectors (I/A).

18) Please make sure that a BIP is uploaded to Image Flow or Notes have been added to MBOT for processing to do appropriate ordering on all items on the FIRST FHA Mortgage.

19) Please make sure that a BIP is **NOT** uploaded to Image Flow on each second mortgage. Instead, please upload the following note to MBOT for each processor:
“Please note that this is a second mortgage request and there are NO services to be ordered. Please make sure the First Mortgage Title Commitment shows the total amount insured of the first and second mortgages that are disclosed.”

This will prevent us from ordering multiple Appraisals accidentally.

20) Please make sure that the correct CHENOA product code has been selected on the borrower summary screen.

- 21) Make sure that all services have been ran and are uploaded to Image Flow on all First Mortgages.
(Credit, DV, Flood, DU).
- 22) APT Loan Officer will upload the program guidelines to MBOT under “Chenoa Guidelines”. Here is the link: [PowerPoint Presentation \(myfsbretail.com\)](https://myfsbretail.com)
- 23) The loan Officer will email register each loan within MBOT. You must then email the FSB Lockdesk and request them to register funds on the Chenoa Website.
- 24) APT Loan Officer will confirm the registration is done with the FSB lockdesk, will then send an email to loa@flanaganstatebank.com and our LOA Team will setup each loan for disclosing out of MBOT. Josh Heinrich and Chris Langel will “backup” this function.
- 25) The APT Loan Officer will be the main contact for the borrowers throughout the process. Our APT Loan Unit Processor will work directly with the APT Loan Officer until closing.**