

## Chenoa Down Payment Assistance

### Introduction

Orion Lending collaborates with Chenoa to increase affordable and sustainable homeownership opportunities for credit worthy individuals who lack down payment funds. Cedar Band Corporation (CBC) Mortgage Agency, owned by Cedar Band of Paiutes, is the name of the company that offers the product suite called the Chenoa Fund.

### Chenoa Fund DPA

#### 3.5% Down Payment Assistance:

##### Conventional:

- **HomeReady & Standard Conventional** – 10 years fixed with an Interest Rate 2% higher than the first mortgage.

##### FHA:

- **Rate Advantage** – Repayable 2<sup>nd</sup> amortized over 10 years.
- **Soft Second** – Forgivable Grant with 36 months of consecutive on time payments on the first mortgage.
- **Repayable Second** – Paid back over 10 or 30 years.

#### 5.0% Down Payment Assistance:

##### Conventional:

- **HomeReady & Standard Conventional** – 10 years fixed with an Interest Rate 2% higher than the first mortgage.

##### FHA:

- **Rate Advantage** – Repayable 2<sup>nd</sup> amortized over 10 years.
- **Soft Second** – Forgivable Grant with 36 months of consecutive on time payments on the first mortgage.

### STAR Portal™

The STAR Portal provides an efficient, seamless experience for our brokers to submit Chenoa DPA loans.

- Ensure the FNMA 3.2 or MISMO 3.4 is listed as the first mortgage.
- STAR will correct most deficiencies on the FNMA 3.2 or MISMO 3.4 to ensure the DU findings are accurate.
- The Broker uploads a FNMA 3.2 or MISMO 3.4 to create the first mortgage. Orion will create the 2<sup>nd</sup> mortgage.
- The second mortgage disclosures and docs will be found under the *Disclosure Tracking* screen.
- Once the Program Type of FHA is selected, use the drop down and select one of the Chenoa options for the Loan Purpose.

### Successful Tips

#### Fees

- The 5% DPA product allows the additional 1.5%, in excess of the minimum down payment (3.5%), to be applied towards the closing costs.
- Maximum allowed Origination is 1.5%.
- The Compensation is Borrower Paid Only.
- The Underwriting Fee is \$1,295.
- Third Party Processing Fee is allowed.
- If TBD and purchase contract submitted within 30 days of loan submission, the borrower will receive a \$500 Closing Cost credit.
- Seller Concessions: HUD allows for 6%.

#### Pricing in the Quick Pricer

- Use the **Quick Pricer** tool in STAR Portal™.
- Loan Purpose: Validate Chenoa Product is selected to get Chenoa pricing.

#### Income

- **HomeReady** – Per Fannie Mae
- **Standard Conventional & FHA Repayable Second** – No Income Limits
- **FHA Rate Advantage** borrowers with qualifying income  $\leq 135\%$  and **FHA Soft Second**  $\leq 115\%$  of the Area Median Income.
- [Click here](#) to access HUD AMI LIMITS.

#### Underwriting

- Follows AUS with DTI restrictions – See *Max DTI Section*
- LTV/CLTV:
  - **Conventional:** Min 90% LTV, Max 105 CLTV
  - **FHA** 96.5%, CLTV – no maximum
- Maximum Loan Amount – Per County limits on the first lien only.
- Non-Occupying co-borrowers are not allowed on Rate Advantage.
- Manual Underwriting only allowed on the **FHA Repayable** and **FHA Soft Seconds**.

### Disclosures – Chenoa DPA

- Orion Lending is responsible for sending the disclosures for the 1<sup>st</sup> and 2<sup>nd</sup> lien.
- Broker-issued disclosures are not accepted.
- Orion Lending will not send to underwriting until both sets of signed disclosures are returned, including LO docs.

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**Conventional Borrower Qualifications**

**HomeReady & Standard Conventional**

**FICO: 620-659:** Borrowers with Present Housing Payment

- VOR: 12 months of current housing expense required

**FICO: 620-659:** Borrowers without Present Housing Payment

- VOR: Documenting that no rent is paid
- VOR: 640-659 Payment history not required

**FICO: 660+:** Borrowers with or without Present Housing Payment

- VOR: Determined by AUS

- **All VOR's:** Determined by the occupying borrower's highest FICO.
- **Max DTI:** Determined by AUS
- **Payment Shock:** Cannot exceed 125%
- **Manual Underwriting:** Not Allowed

Topic	HomeReady	Standard Conventional
Homebuyer's Education	Required	Not Required
First Time Homebuyer	Not Required	Required
Income Limits	Per Fannie Mae	No Income Limits

**STAR Portal Example: Conventional - Loan Purpose**

**FHA Borrower Qualifications**

**Soft Second & Repayable Second**

**FICO: 600-639:** Borrowers with Present Housing Payment

- VOR: 12 months of current housing expense required
- Max DTI: 45%
- Payment Shock: Cannot be less than 125%

**FICO: 600-639:** Borrowers without Present Housing Payment

- VOR: Documenting that no rent is paid
- Max DTI: 31/45%

**FICO: 640-659:** Borrowers with or without Present Housing Payment

- VOR: Documenting that no rent is paid
- VOR: Payment history not required
- Max DTI: 50%

**FICO: 660+:** Borrowers with or without Present Housing Payment

- VOR & Max DTI: Determined by AUS

**Rate Advantage**

**FICO: 640+:** Borrowers with/without Present Housing Payment

- VOR: 12 months of current housing expense required
- VOR: Payment history not required
- Max DTI: 50%

- **All VOR's:** Determined by the occupying borrower's highest FICO.
- **First Time Homebuyer:** Not Required

Topic	Soft & Repayable Seconds	Rate Advantage
Homebuyer's Education	FICO 600-639 Required	Not Required
Reserves	FICO 600-639 3-Month PITI required with No Present Housing	Not Required
Manual Underwriting	Allowed	Not Allowed

**STAR Portal Example: FHA - Loan Purpose**

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