

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.

FHA Chenoa

3.5% Down Payment Assistance:

- **Rate Advantage** – Repayable 2nd 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:

- **Rate Advantage** – Repayable 2nd 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 2nd 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

- Rate Advantage borrowers with qualifying income <=135% and Soft Second <=115% of the Area Median Income.
- [Click here](#) to access HUD AMI LIMITS.

Underwriting

- Follows AUS with DTI restrictions – See *Max DTI Section*
- Maximum LTV 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 is not allowed on the Rate Advantage.

Max DTI – Soft & Repayable Seconds

600-639: Borrowers with present housing payment:

- Verification of 12 months from highest FICO borrower.
- Payment shock cannot exceed 125%.
- Homebuyer Education is required.
- Maximum DTI of 45%.
- Borrower(s) who exceed maximum DTI and/or payment shock has a maximum DTI of 50% with alternative qualification requirements.

600-639: Borrower's w/o present housing payment:

- VOR documenting that no rent is paid from highest FICO borrower.
- The maximum DTI is 31/45%.
- Homebuyer Education is required.
- 3 months PITI reserves (gift funds not allowed to meet reserve requirements)
- Minimum two (2) years with present employer.
- Meet VA residual Income Requirements.
- Alternative qualification requirements not allowed.

640-659

- Verify Rent paid by lease agreements or LOE from Landlord. VOR Form & payment history not required.
- Maximum DTI of 50%.
- If the borrower exceeds the maximum DTI, refer to alternative qualification requirements with a maximum DTI of 55%.
- Refer to AUS for DTI if the credit score is 660 or higher.

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Disclosures – Chenoa DPA

- Orion Lending is responsible for sending the disclosures for the 1st and 2nd 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.

AMI Calculation

The AMI Calculation is determined by the size of the family. Access the [HUD AMI chart](#).

Family Size of 4 or less:

When using the HUD AMI Chart for a family of 4 or less, you will always use the Median Family Income and multiply by the program’s guideline: 115% for Soft Second or 135% for Rate Advantage.

1. Access the location in the AMI site.
2. Identify the **Median Family Income**.
3. Multiply the median family income by **115%** for Soft Second or **135%** for Rate Advantage.

Example: Family of 4

Soft Second	Rate Advantage
\$83,100	\$83,100
X 115%	X 135%
\$95,565	\$112,185

FY 2019 Income Limit Area	Median Family Income Explanation
Dallas, TX HUD Metro FMR Area	\$83,100

Family Size 5-8:

If the borrower’s family size is greater than 4 and up to 8, you will identify the limit using the Very Low section. Multiply the number by 2 to capture 100% of the income limit, since the very low is at 50%. Then multiply according to the program’s guidance: 115% for Soft Second or 135% for Rate Advantage.

1. Access the location in the AMI site.
2. Review the **Very Low (50%) Income Limits** number.
3. Identify the number of family members to determine the income limit.
4. Multiply the income limit associated to the number of family members by 2 (since using Very Low – 50%, multiplying by 2 will bring the income up to 100%).
5. Multiply by **115%** for Soft Second or **135%** for Rate Advantage.

Example: Family of 5

\$44,900
X 2 (to bring the Very Low 50% Income Limit to 100%)
\$89,800

Soft Second	Rate Advantage
\$89,800	\$89,800
X 115%	X 135%
\$103,270	\$112,230

FY 2019 Income Limit Category	Persons in Family							
	1	2	3	4	5	6	7	8
Very Low (50%) Income Limits (\$)	29,100	33,250	37,400	41,550	44,900	48,200	51,550	54,850
Explanation								

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