



# CHENOA

DOWN PAYMENT ASSISTANCE

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PROGRAM GUIDELINES AND MATRICES



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**Section 1 – Overview**

The Chenoa DPA product is offered by a subsection of Cedar Band Corporation, a federal corporation created by the US Government through the Bureau of Indian Affairs for the Cedar Band of Paiutes of the Paiute Indian Tribe of Utah, a constituent band of the Paiute Indian Tribe of Utah, a Federally recognized Native American Tribe as contemplated by 25 U.S.C. §477 and 48 Stat. 984 under the Indian Reorganization Act of 1934 (“IRA”).

Orion Lending’s vision is to increase affordable and sustainable homeownership opportunities for credit worthy individuals who lack down payment funds.

Except for exclusions noted below, adhere to all DU® findings or FHA 4000.1 for borrower underwriting and property eligibility requirements.

Section 2 – Chenoa Agency FHA Product Matrix

<p><b>2.1 Age of Documents</b></p>	<ul style="list-style-type: none"> <li>Documents used in the origination and underwriting of a Mortgage may not be more than 120 Calendar Days old at the Disbursement Date</li> </ul>
<p><b>2.2 First Mortgage Term</b></p>	<ul style="list-style-type: none"> <li>30-year Fixed Rate Mortgage</li> </ul>
<p><b>2.3 Down Payment Assistance</b></p>	<ul style="list-style-type: none"> <li>3.5% rounded to the nearest dollar</li> <li>5% rounded to the nearest dollar</li> </ul>
<p><b>2.4 Description of Assistance</b></p>	<ul style="list-style-type: none"> <li><b>Repayable</b> <ul style="list-style-type: none"> <li>10 yr. Term</li> <li>Rate: 2% higher than the 1<sup>st</sup> Mortgage</li> </ul> </li> <li><b>Forgivable</b> <ul style="list-style-type: none"> <li>30 yr. Term, No payments due</li> <li>Rate: 0%</li> </ul> </li> </ul>
<p><b>2.5 Forgivable 2<sup>nd</sup> Mortgage Terms</b></p>	<p>Down payment assistance in the form of soft/forgivable secondary financing. Second lien is a 30-year term with 0% interest and no payments due. See sections <a href="#">3.6</a> and <a href="#">3.7</a> for additional details.</p> <ul style="list-style-type: none"> <li><b>3.5% DPA:</b> The loan will be forgiven after 36 consecutive on time payments</li> <li><b>5% DPA:</b> The loan will be forgiven after 120 consecutive on time payments</li> </ul>
<p><b>2.6 Minimum Credit Score</b></p>	<ul style="list-style-type: none"> <li>Minimum FICO             <ul style="list-style-type: none"> <li>600</li> </ul> </li> <li>All borrowers must have at least one credit score. Undisclosed debt monitoring active through funding.</li> </ul>

<p><b>2.7 AMI Limit</b></p>	<ul style="list-style-type: none"> <li>• No Limit – LLPA added if income is <math>\geq 135\%</math>, based on family size.</li> <li>• Use the Individual Income Limits <a href="#">HUD AMI chart</a></li> <li>• For families with greater than 4 members, use the following calculation:             <ul style="list-style-type: none"> <li>○ Number of Persons in Family income figure from the <i>Very Low Income Limit</i> row multiplied by 2 multiplied by 135%</li> </ul> </li> </ul>		
<p><b>2.8 Max DTI</b></p>	<ul style="list-style-type: none"> <li>• Per AUS or 4000.1 for manual underwritten loans</li> <li>• Manufactured Homes             <ul style="list-style-type: none"> <li>○ 600 - 639: 45% DTI</li> <li>○ 640+: 50% DTI</li> </ul> </li> </ul>		
<p><b>2.9 AUS</b></p>	<ul style="list-style-type: none"> <li>• DU</li> <li>• LPA</li> <li>• Manual UW             <ul style="list-style-type: none"> <li>○ Not allowed on Manufactured Housing</li> </ul> </li> </ul>		
<p><b>2.10 Present Housing Expense &amp; Verification</b></p>	<ul style="list-style-type: none"> <li>• All applications must contain a “present” housing payment unless the borrower is currently not making a housing payment. The amount “\$0.00” should be entered into the “present” housing payment field on the loan application if the borrower is not making a housing payment.</li> <li>• VOR requirements determined by AUS</li> </ul>		
<p><b>2.10 Payment Shock</b></p>	<ul style="list-style-type: none"> <li>• <b>Credit Scores of 600-639</b> <ul style="list-style-type: none"> <li>○ Limited to 125% when DTI exceeds 31/45</li> </ul> </li> <li>• <b>Credit Scores of 640+</b> <ul style="list-style-type: none"> <li>○ No restrictions</li> </ul> </li> </ul>		
<p><b>2.11 Loan Purpose</b></p>	<ul style="list-style-type: none"> <li>• Purchase Only</li> </ul>		
<p><b>2.12 Property Type</b></p>	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• SFR</li> <li>• PUD</li> <li>• Town Home</li> <li>• Condo (attached/detached)</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Modular</li> <li>• Manufactured</li> <li>• 2 units</li> <li>• C5 condition ratings not allowed</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>• SFR</li> <li>• PUD</li> <li>• Town Home</li> <li>• Condo (attached/detached)</li> </ul>	<ul style="list-style-type: none"> <li>• Modular</li> <li>• Manufactured</li> <li>• 2 units</li> <li>• C5 condition ratings not allowed</li> </ul>
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<b>2.13 First Time Homebuyer</b>	<ul style="list-style-type: none"> <li>• Allowed per 4000.1</li> </ul>
<b>2.14 Non-Occupant Borrowers</b>	<ul style="list-style-type: none"> <li>• Allowed per 4000.1             <ul style="list-style-type: none"> <li>○ When the loan includes a non-occupant co-borrower, only the qualifying income of the occupying borrower(s) will be used to determine if loan exceeds 135% AMI pricing calculation</li> <li>○ Not allowed for Manufactured Housing</li> </ul> </li> </ul>
<b>2.15 Manufactured Housing</b>	<ul style="list-style-type: none"> <li>• Single or doublewides allowed</li> <li>• Manual UW not allowed</li> <li>• Non-Occupant Co-Borrower’s not allowed</li> <li>• A Structural Engineering Report is required to be reviewed by the DE underwriter</li> <li>• Must meet all HUD Certification Label/tag and Title requirements</li> </ul>
<b>2.16 Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>• \$0.00</li> </ul>
<b>2.17 Acceptable Sources of Funds for Down Payment and Closing Costs</b>	<ul style="list-style-type: none"> <li>• Borrower funds, gifts, grants, and CBCMA second mortgages</li> </ul>
<b>2.18 Homeownership Education</b>	<p>Required for borrowers with credit scores between 600–639. This course must be taken prior to the note date.</p> <ul style="list-style-type: none"> <li>• <b>FICO 600-619:</b> <ul style="list-style-type: none"> <li>○ <a href="#">Money Management International</a></li> </ul> </li> <li>• <b>FICO 620-639:</b> <ul style="list-style-type: none"> <li>○ Any HUD-approved counseling course may be used</li> </ul> </li> <li>• <b>FICO 640+</b> <ul style="list-style-type: none"> <li>○ Not required</li> </ul> </li> <li>• Please note: Only the borrowers with scores less than 640 are required to take the course. Any borrower with scores equal to or greater than 640 is not required to take the course.</li> </ul>
<b>2.19 Cash Back to Borrower</b>	<ul style="list-style-type: none"> <li>• Borrower may receive a refund of documented earnest money deposit and other documented, paid third-party costs only.</li> </ul>

<b>2.20 Concurrent Homeownership</b>	<ul style="list-style-type: none"> <li>• Allowed per 4000.1               <ul style="list-style-type: none"> <li>◦ Letter of Explanation (LOE) is required to explain the motivation to keep current residence while purchasing new.</li> </ul> </li> </ul>
<b>2.21 Maximum Loan Amount</b>	<ul style="list-style-type: none"> <li>• Per County Limits (1<sup>st</sup> only)</li> <li>• High Balance               <ul style="list-style-type: none"> <li>◦ Repayable – allowed for 3.5% and 5% assistance</li> <li>◦ Forgivable – allowed for 3.5% assistance only</li> </ul> </li> </ul>
<b>2.22 Maximum LTV/CLTV and Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• LTV to 96.5%</li> <li>• CLTV – No max</li> <li>• LTV ratio below 90% is unacceptable</li> </ul>
<b>2.23 Mortgage Insurance (MI) Coverage Financed MI</b>	<ul style="list-style-type: none"> <li>• Standard FHA Coverage</li> </ul>
<b>2.24 Origination Fee</b>	<ul style="list-style-type: none"> <li>• BPC Only               <ul style="list-style-type: none"> <li>◦ Max Fee: 2.00%</li> </ul> </li> </ul>
<b>2.25 Employment History</b>	<ul style="list-style-type: none"> <li>• FHA guidelines require all loan applications to contain a complete two-year history of employment on the 1003. The history must cover at least two-years from the application date on the 1003.</li> </ul>
<b>Section 3 - Program Overlays</b>	
<b>3.1 Ineligible Property Features</b>	<ul style="list-style-type: none"> <li>• Building on own land</li> <li>• Construction to Perm</li> <li>• Deed restrictions allowed per FHA 4000.1 are permissible; however, Easements and Deed Restrictions that affect value, marketability, or property accessibility as determined by the appraiser and for which no protective title endorsement is available</li> <li>• Proposed or Under Construction</li> <li>• Manufactured homes not held in fee simple ownership, commonly known as “Mobile Home Parks”</li> <li>• Manufactured homes in a flood zone</li> </ul>
<b>3.2 Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>• South Carolina &amp; Alaska               <ul style="list-style-type: none"> <li>◦ The minimum second mortgage loan amount is \$5,000</li> </ul> </li> <li>• New York – Not Allowed</li> </ul>

<p><b>3.3 Escrow Holdbacks</b></p>	<p>Minimum required repairs are established by the FHA Roster Appraiser and/or Orion Lending. Orion Lending will accept escrow holdbacks on a case-by-case exception basis and MUST BE PRE-APPROVED. Exception requests for escrow holdbacks will be considered for weather related repairs only – that is repairs that cannot be completed prior to close due to inclement weather.</p> <ul style="list-style-type: none"> <li>• Allowed for exterior repairs and/or improvements, including landscaping, not completed prior to closing due to weather related delays</li> <li>• The total costs of repairs may not exceed \$5,000 or be less than \$500 prior to adding the required contingency. Exceptions may be considered.</li> <li>• The dollar amount of escrow holdback is a minimum of 150% (or 1.5 times) the cost of the improvement or repair must be held in escrow</li> <li>• Escrow Holdbacks are allowed only when the appraisal is completed “subject to” repairs or alterations</li> <li>• The property must meet FHA minimum property standards at closing</li> <li>• Minor repair/improvement items may be completed by the borrower provided acceptable evidence of completion is obtained</li> <li>• Note Energy Mortgages (EEM) are not allowed</li> <li>• The Appraiser must include a list of the required exterior repairs/improvements</li> </ul> <p>Completion Date:</p> <ul style="list-style-type: none"> <li>• Improvements or repairs must be completed within 30 days of the Note unless it is during inclement weather season. Inclement weather season is considered to be between the months of November through March - repairs/improvements must be completed by April 30th or 60 days from the Note, whichever is further out.</li> </ul>
<p><b>3.4 IRS Transcripts</b></p>	<ul style="list-style-type: none"> <li>• Only required for self-employed borrowers, or any borrower that needs tax returns for qualifying. W2-only income is no longer required to be validated with transcripts unless the loan is an identity-of-interest transaction or other QC concerns exist.</li> <li>• For W2-borrowers, follow AUS requirements for income documentation, or manual UW requirements if the loan is manually downgraded.</li> </ul>
<p><b>3.5 Self-employed Borrower Business Verification</b></p>	<ul style="list-style-type: none"> <li>• Orion Lending requires that self-employed borrowers have their business verified as open and operating within ten (10) calendar days prior to the Note date.</li> </ul>



<p><b>3.6 Subordination</b></p>	<ul style="list-style-type: none"> <li>• Repayable Second Mortgages             <ul style="list-style-type: none"> <li>○ To be eligible for subordination, thirty-six (36) payments on both the 1<sup>st</sup> and 2<sup>nd</sup> loans with no late payments is required</li> <li>○ If the borrower would like to refinance prior to the thirty-sixth month, the 2<sup>nd</sup> mortgage must be paid in full</li> </ul> </li>   <li>• Soft/forgivable Second Mortgages             <ul style="list-style-type: none"> <li>○ <b>3.5% DPA</b> <ul style="list-style-type: none"> <li>▪ Second does not qualify for subordination for the initial thirty-six (36) payments on the first mortgage</li> </ul> </li> <li>○ <b>5.0% DPA</b> <ul style="list-style-type: none"> <li>▪ Second does not qualify for subordination for the initial one-hundred and twenty (120) payments on the first mortgage</li> </ul> </li> </ul> </li> </ul>
<p><b>3.7 Forgiveness Conditions</b></p>	<p>Applies only to the Forgivable (soft) 2<sup>nd</sup></p> <ul style="list-style-type: none"> <li>• <b>Chenoa Fund 3.5% DPA</b> <ul style="list-style-type: none"> <li>○ 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.)</li> <li>○ This forgiveness period resets if the borrower makes a late payment on the first mortgage.</li> <li>○ 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.</li> <li>○ 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 CBCMA.</li> </ul> </li>   <li>• <b>Chenoa Fund 5.0% DPA</b> <ul style="list-style-type: none"> <li>○ Forgiven if all borrower payments are less than sixty (60) days late on the first one-hundred and twenty (120) payments on the FHA first mortgage. (The borrower must request forgiveness once forgiveness conditions are met and provide payment for processing the lien release.)</li> <li>○ This forgiveness period does not reset if any of the first one-hundred and twenty (120) payments on the FHA first mortgage are sixty (60) or more days late; in such a situation, the loan would not be forgiven after the first one-hundred and twenty (120) payments on the FHA first mortgage, but the loan would still have a 0% interest rate and no monthly payment for the rest of the 30-year term.</li> <li>○ If this loan is not forgiven after the first one-hundred and twenty (120) payments on the FHA first mortgage and this loan reaches the end of its 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.</li> <li>○ This loan permanently loses its forgivable status if during the initial one-hundred and twenty (120) payments on the first mortgage the borrower refinances the first mortgage and state law allows the second mortgage to subordinate without prior consent from CBCMA.</li> </ul> </li> </ul>