

**Chenoa Fund FHA Program – New Programs (05/10/22)**

For Wholesale Channel Only

**Product Code**

1st lien	2nd lien
SUNGOV0292 - Chenoa FHA 1st Repayable 3.5%	SUNGOV0299 - Chenoa 2nd Repayable
SUNGOV0293 - Chenoa FHA 1st Repayable 5%	
SUNGOV0294 - Chenoa FHA HB 1st Repayable 3.5%.	
SUNGOV0295 - Chenoa FHA HB 1st Repayable 5%.	
SUNGOV0296 - Chenoa FHA 1st 3.5% Forgivable	SUNGOV0300 - Chenoa 2nd forgivable 3.5%
SUNGOV0297 - Chenoa FHA HB 1st 3.5% Forgivable	
SUNGOV0298 - Chenoa FHA 1st 5% Forgivable	SUNGOV0301 - Chenoa 2nd forgivable 5%

**Loan Purpose**

- Purchase Only

**Occupancy**

- Primary Residence only

**Eligible State**

- All except New York

**Eligible Borrowers**

- U.S. citizens
- Permanent Resident Aliens
- Non-Permanent Resident Aliens

**First Time Homebuyer Requirement**

- Borrower need not be first time homebuyer. Follow FHA requirements if borrower already owns property.
- Borrower can retain current residence as per FHA guidelines. A Letter of Explanation is required to explain the motivation to keep current residence while purchasing new residence.

**Interest Rate**

- 1st lien: Fixed interest rate. Refer following link:  
<https://chenoafund.org/lender/daily-rate-sheet-and-pricing/>
- 2nd lien:
  - Repayable: 2% higher than first mortgage.
  - Forgivable: 0% rate

**Amortization Term**

- Fixed Rate - 30 year
- DPA Terms:
  - Repayable: 10 years, rate is 2% higher than first mortgage.
  - Forgivable: 30 years, 0% rate. Forgiveness based on DPA percentage:
    - 3.5%: After 36 consecutive, on-time payments on the first mortgage.
    - 5%: After the initial 120 on-time payments on the first mortgage.

**Eligible Properties**

- 1-2 Unit Attached/Detached SFR
- PUD
- FHA Approved Condominiums
- Modular Homes
- Manufactured Homes (Single Family Unit only, single and multi-wide). Manufactured homes must meet following requirements:

- Built on or after June 15, 1976
- Home must have been built to the FMHCSS as evidenced by having a HUD Certification Label/Tag
- New construction for manufactured housing is allowed, provided the manufactured home title conversion to real property is initiated prior to CBCMA purchasing the loan.

**Ineligible Properties under Manufactured Home**

- 2–4-unit properties
- Proposed or under construction properties
- Cooperative
- Leasehold Estates
- Manufactured homes in “Parks” not held in fee simple ownership, commonly known as “Mobile Home Parks”
- Properties with resale restrictions
- Site Manufactured Housing Condominiums
- home that has been previously installed or occupied at any other site

**Non-Occupant Co-borrower/Co-signer/ Guarantors**

- Allowed as per FHA guidelines
- Not allowed when property is a manufactured home.

**Minimum Credit Score**

- 600
- All borrowers must have at least one credit score.

**Maximum Front / Back Ratios**

- AUS Approved loans: As per AUS Approval.
- Manufactured Homes:
  - FICO 600–639: 45%
  - FICO 640+: as per AUS approval
- Manual:
  - 31% / 43% with no compensating factors.
  - 37% / 47% with 1 compensating factor
  - 40% / 50% with 2 compensating factors.

**AUS Approval**

- DU Approve / LP Accept
- Manual Underwriting is also allowed except when property is a manufactured home.

**Maximum LTV/ CLTV Allowed**

- LTV:
  - Base loan amount must not exceed 96.5% of the lesser of appraised value or purchase price + FHA UFMP.
  - Must not go below 90%.
- CLTV: no limit

**Maximum Loan Amount**

- First lien:
  - Standard Balance: as per FHA confirming limits.
  - High Balance: Minimum Loan Amount to be \$1 more than FHA conforming limits:
    - Repayable: Allowed for 3.5% and 5% assistance.
    - Forgivable: Allowed for 3.5% assistance.
- DPA:
  - 5% or 5% of lesser of Purchase Price or Appraised Value.
  - Subject property in South Carolina or Alaska: Minimum assistance amount is \$5,000. Therefore, for purchase prices below \$143,800 with 3.5% assistance, or \$100,000 with 5% assistance, the DPA amount will be \$5,000 in these states.

**Area Median Income (AMI)**

- Not applicable.
- Borrowers with income above 135% will be subject to pricing hit
  - Only occupant borrowers' incomes are considered to check AMI limit.
  - Use qualifying income on loan to check the limit.

**Assistance Options**

- 5% or 5% of lesser of Purchase Price or Appraised Value.
- Assistance is a subordinate lien.
- Repayable product: 10 years, rate is 2% higher than first mortgage. Hence there will be a 2nd PI.
- Forgivable product:
  - 30 years, 0% rate. Hence there will not be any 2nd PI.
  - Forgiveness based on DPA amount as follows:
    - 3.5%: After 36 consecutive, on-time payments on the first mortgage.
    - 5%: After the initial 120 on-time payments on the first mortgage.

#### **Cash Back**

- Borrowers can receive a refund of documented EMD and other documented, paid, third-party costs only.

#### **Home Buyer Education Requirement**

- Based on FICO:
  - 619: Required. Must be through Money Management International.
  - 620–639: Required. Must be through any HUD approved counseling agency.
  - 640+: Optional

#### **Housing payment shock**

- FICO 600-639:
  - 125% or less.
  - Borrowers who lived separately prior to purchasing a home together can combine previous housing payments to determine payment shock.
  - Verification of Rent is required to document rent amount.
  - Borrowers can exceed 125% payment shock if DTI is at/below 31%/45%.
  - If borrower does not have housing payment history, DTI should not exceed 31%/45%.
- FICO above 640: No HPS restriction.

#### **Underwriting**

- No minimum borrower contribution required from own funds.
- Employment gaps greater than 30 days within most recent two years require a borrower Letter of Explanation (LOE). Start date for this two-year history is the application date.
- If borrower is retaining current residence as per FHA guidelines, a Letter of Explanation is required to explain the motivation to keep current residence while purchasing new residence.
- All applications should contain a “present housing payment” unless borrower is not currently 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.
- FICO 600 – 639: if borrower does not have housing payment history, DTI should not exceed 31%/45%
- Gift funds cannot be used to meet the reserves requirement.
- Properties with resale deed restrictions are ineligible.
- Ch. 7 BK, less than 24 months are not acceptable even for manual downgrade.