



Chenoa Fund DPA Edge: Soft Second Product

DOWN PAYMENT ASSISTANCE FOR FHA LOANS

CHENOA FUND IS AN affordable housing program administered by CBC Mortgage Agency (CBCMA), a federally chartered governmental entity. CBCMA specializes in providing down payment assistance (DPA) for borrowers receiving a FHA insured first mortgage.

CBCMA has a mission to increase affordable and sustainable homeownership, specifically for creditworthy, low- and moderate-income individuals. CBCMA partners with reputable mortgage lenders on a correspondent basis to provide down payment funds for qualified home buyers in the form of second mortgages. All assistance is provided in compliance with FHA guidelines.

How Do You Qualify for the Chenoa Fund DPA Edge: Soft Second Product?

In order to qualify for this particular Chenoa Fund DPA Edge: Soft Second product, you must meet program criteria, including the following:

- Minimum credit score of 620
- Qualifying income is equal or less than 115% of the area median income for the county in which the you will live (Note: If you make more than 115% median income, ask about the Chenoa Fund Repayable Second program.)

With this program, you receive a 30-year term, 0% rate, no payment, second mortgage. A lien is placed on the property for the amount of the assistance. The loan is forgiven when you make 36 consecutive on-time payments on the FHA first mortgage.

What is the Second Lien on the Property?

The lien is for the down payment assistance, which is referred to as the second mortgage. This is a 30-year term at a zero percent interest rate. You, as the borrower, will not be required to make any payments on the second. The second can be 100% forgiven after you make 36 consecutive on-time payments to the first FHA mortgage.

What is Meant by the Loan is Forgiven After 36 Consecutive On-Time Payments?

For example, if you receive \$10,000 for a down payment under the Chenoa Fund DPA Edge: Soft Second product, when you make 36 consecutive on-time payments to the FHA 1st mortgage, you may provide evidence of these payments in the form of a payment history to CBCMA. Once confirmed by CBCMA, the \$10,000 loan is forgiven. If you are 30-days or greater late in making a payment, the 36 consecutive on-time payment period will start over.

CBCMA Does Not Originate Mortgage Loans. This is not an offer to lend money nor a solicitation of a mortgage application by CBCMA.

What Happens If You Refinance the First Mortgage Before the 36 Consecutive Payments Have Been Met?

Let's continue the example outlined above. If you received \$10,000 for down payment and refinance the first mortgage before meeting the 36 consecutive payments, you would be required to pay the \$10,000 back in full.

Why Was the Chenoa Fund DPA Edge: Soft Second Product Created?

While many people do manage to purchase a home by saving for a down payment over a period of years, increasing home prices and stagnant or low wages can make this quite difficult. By helping responsible home buyers to overcome the challenge of the minimum investment required for a mortgage, CBCMA is

helping to create healthy communities by improving the balance between home ownership and other types of housing. This way, new homeowners can start now building equity for their future, rather than potentially waiting for years to save a down payment while home prices become even more unaffordable.

If you would like more information about this program, please contact our program development team.

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