CBC Mortgage Agency Product Matrix

Chenoa Fund DPA (FHA Only) (v11)

	FHA		
	Rate Advantage	DPA Edge: Soft Second	DPA Edge: Repayable Second
Program Notes	Unless otherwise specified here as an overlay, CBC Mortgage Agency adheres to all posted guidelines for FHA eligibility as found in the FHA Housing Handbook, 4000.1. "DPA Edge Soft Second" refers to both 3.5% DPA and 5% DPA options. Where there is a difference between the two products that difference is noted with "3.5% DPA" or "5% DPA."		
Amount of DPA provided	3.5% or 5% of the lower of the purchase price or the appraised value.		
Description of DPA Product Type	Down payment assistance in the form of 10-year repayable secondary financing at a 6% fixed rate only.	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. ***3.5% DPA***: The loan will be forgiven after 36 regular on-time payments on the underlying first mortgage. ***5% DPA***: The loan will be forgiven after the initial 120 payments on the underlying first mortgage, provided no payment was 60+ days late. *See the Correspondent Lending Guide for more details (section 5.3.1).*	Down payment assistance in the form of repayable secondary financing. Loan option 1 is a 10-year term, 0% interest rate. Loan option 2 is a 30-year term, 5% interest rate. Both loans require regular monthly payments.
Borrower Income Limits	Fully amortized second mortgages with a term of 10 years for borrowers with qualifying income **less than or equal to 135% of area median income for the property.**	Soft/forgivable secondary financing available to borrower with qualifying income **less than or equal to 115% of area median income for the property.**	Fully amortized second mortgages with a term of 10 or 30 years. **No income limits!**
AMI Calculation	Based on loan **qualifying income only** (only use income on final loan application). Use HUD AMI chart. https://www.huduser.gov/portal/datasets/il.html		Not required.
Occupancy and Property Type	All borrowers must occupy the property as their primary residence. All other FHA guidelines apply.	One of the borrowers must occupy the property as their primary residence. All other FHA guidelines apply.	
1st Time Home Buyer	Not required.		
Product	First mortgage must have a 30-year term with a fixed rate and full amortization only: **1.** FHA 203 (b) **2.** FHA 234 (c) First Mortgage must be purchased by CBCMA.		

	FHA		
	Rate Advantage	DPA Edge: Soft Second	DPA Edge: Repayable Second
Undisclosed Debt Monitoring and Credit Score Refreshes	All borrowers must have at least one credit score. To be sure that there is no new adverse credit activity, new debt, or material inquiries, CBCMA requires a soft-pull credit report from all three bureaus, **OR** a UDM (Undisclosed Debt Monitoring) report from at least one credit bureau, within ten (10) calendar days of the Note date. CBCMA highly recommends correspondents utilize the UDM option, with the intent to emphasize debt monitoring services that checks for new debt or material inquiries. While soft pull credit reports are acceptable, they may disclose additional information that may require an update to the AUS. If there is a new material inquiry, then CBCMA will require that an LOE explaining the new material inquiry be provided to determine if new debt was incurred. If new debt was incurred prior to disbursement, then FHA guidelines may require that the file be re-run through AUS and the debt added to the borrower's final application.		
Payment Shock Requirements	N/A	Borrowers with scores between 600–639 are restricted to a payment shock of 125% or less, unless they meet the relevant alternative qualification requirements (see above), or unless they have no present housing payment. See "Present Housing Expense and Verification of Rent (VOR)" for more details.	
Acceptable Sources of Funds for Down Payment and Closing Costs	• Gifts, grants, and CBCMA second mortgages. • Any eligible loan may have more than one subordinate lien (i.e., third lien). Sweat equity is acceptable in accordance with FHA guidelines.		
Homeownership Education	Not Required.	• Required for borrowers with credit scores between 600–639. This course must be taken prior to closing. • Any HUD-approved counseling course is approved by CBCMA; CBCMA no longer requires that this course be completed through Money Management International (MMI). However, CBCMA will continue to pay the course fee for those borrowers who choose to take the MMI course. (Borrowers with a FICO less than 620 are required to take the MMI course.) https://www.borrowersuccess.org/prepurchase • Please note: only the borrowers with scores less than 640 are required to take a counseling course. Any borrower on your transaction with scores equal to or greater than 640 is not required to take a course.	
Manufactured Homes	Permitted—see the Manufactured Housing Guidelines *(https://chenoafund.org/lender/manufactured-housing-guidelines/).*		
Minimum Credit Score	640	600	
Base DTI Requirements	• FICO 640+: **Maximum 50% DTI.**	• FICO 660+: DTI per AUS Approval. • FICO 640-659: **50% DTI or less. (See Alternative Qualification Requirements for more details)** • FICO 600-639: **45% DTI or less. (See Alternative Qualification Requirements for more details)**	
Loan Amount (Max/Min)	Per FHA guidelines—varies by county.		
Max Units	One eligible. (Two to four units ineligible.)	One and two eligible. (Three to four units ineligible.)	
Non-Occupant Borrowers	Not allowed.	Allowed (Family members or relatives only as defined by FHA). When loan includes a non-occupant co-borrower, qualifying income of only the occupying borrower(s) is used to determine program qualifications under AMI limits.	
Maximum LTV/CLTV and Subordinate Financing	Up to 96.5% LTV. DPA Max Financing = 3.5% or 5% of the lower of the purchase price or appraised value. No max CLTV. Per FHA guidelines, additional outside financing may be acceptable with unlimited CLTV – conditions may apply. The maximum DPA financing is 3.5% or 5% of the lower of the purchase price or appraised value. Borrowers may increase their minimum required investment (down payment) by putting down additional funds above and beyond the assistance received from Chenoa Fund as long as the loan-to-value ratio does not go below 90%.		
Ineligible Borrowers	Any borrower that does not meet FHA's definition of a lawful, legal resident of the United States. For borrower residency or VISA classification acceptance, follow FHA guidelines or email the Chenoa Fund Scenario Desk for assistance. *See the Correspondent Lending Guide for more details (section 5.28).*		

	FHA		
	Rate Advantage	DPA Edge: Soft Second	DPA Edge: Repayable Second
Alternative Qualification Requirements	Alternative qualification requirements not applicable to this product.	**<u>Alternative Qualification Requirements</u>** For borrowers who exceed payment shock or DTI requirements, or both: • Have two (2) years employed with the current employer OR two (2) months PITI reserves; AND • Have maximum DTI 31% front-end OR meet VA Residual Income Test **<u>Base Requirements</u>** **600–639** (for borrowers with present housing payment) • Verification of 12 months of current housing expense required • HBE required (must be through MMI if FICO is below 620) • Payment shock of 125% • 45% DTI or less • If a borrower with present housing payment exceeds these payment shock and/or DTI requirements, refer to alternative qualification requirements. Never to exceed 50% DTI **600–639** (for borrowers without present housing payment) • VOR documenting no rent paid; this should be explained in the 92900-LT comments section • HBE required (must be through MMI if FICO is below 620) • Maximum DTI 31% front-end and 45% backend; never to exceed 45% backend DTI • Three (3) months PITI reserves • Minimum two (2) years with present employer • Meet VA Residual Income requirements • Not eligible for alternative qualification requirements **640–659** (for all borrowers) • Verification of amount of current housing expense required; a payment history is not required • DTI of 50% or less • If a borrower exceeds this DTI, refer to alternative qualification requirements; never to exceed 55% DTI **660+** • DTI ratio per AUS approval (Alt. Qualification never applies)	
HPML, High Cost & QM Compliance	HPML transactions are allowed. Lender must comply with CFPB &TRID requirements. High Cost loans are not permitted. All first mortgages must adhere to QM/ATR Compliance. Mortgage loans exceeding the QM 3% max points/fees test are not permitted unless cures are applied. Bona fide discount points must adhere to CFPB and any/all state regulations.		
Mortgage Insurance (MI) Coverage Financed MI	Standard FHA Coverage		
Manual Underwriting	Not Allowed per CBC Mortgage Agency guidelines.	Allowed.	
Alaska and South Carolina	The minimum second mortgage loan 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.		
AUS	DU®, Loan Prospector, or TOTAL Scorecard.		

	FHA		
	Rate Advantage	DPA Edge: Soft Second	DPA Edge: Repayable Second
Additional Properties Owned	Not allowed.	Allowed, but a Letter of Explanation (LOE) is required to explain the motivation to keep current residence while purchasing new. An acceptable reason must be documented for the move, along with the intent behind retaining the current property. Occupancy reasonability must be documented and a QC review may be applied to the transaction. If new residence puts the borrower's commute at an additional distance of 30 minutes to place of employment, Chenoa expects this to be referenced in the LOE.	
Loan Purpose	Purchase Only.		
Minimum Borrower Contribution	$0		
Cash Back to Borrower	Borrower may receive a refund of documented earnest money deposit and other documented, paid, third-party costs only.		
First Mortgage Must Be Sold to CBCMA	Lenders fund the down payment assistance at closing and will be reimbursed by CBCMA upon purchase of the first mortgage under the terms of a Funding Obligation Letter.		
Intent to Proceed	Documented Intent to Proceed from all borrowers is required on all transactions.		
Present Housing Expense & Verification of Rent (VOR)	• All applications should contain a "present housing payment" unless the borrower is not currently making a housing payment. • Borrowers in the 600–639 FICO range making a present housing payment in the form of rent: Must provide a verification of housing payment. Borrowers renting from family or an individual may provide twelve months of cancelled checks or bank statements. May have a housing gap of up to ninety calendar days before closing (gaps larger than thirty calendar days will require an LOX). • Borrowers in the 640–659 FICO range making a present housing payment in the form of rent: Must provide verification of current housing expense; a payment history is not required. Acceptable forms of documentation include a copy of the rent/lease agreement, bank statements tracking payments for the amount of reported rent, a letter from the landlord, or a filled-out VOR (if a VOR is provided, the rental history will be used in credit qualification). • Borrowers in the 600–639 FICO band not making a present housing payment: A Verification of Rent will be required to be completed by the landlord or homeowner which must document that no rent is required to be paid. • Borrowers in the 660+ FICO band are not required to provide a VOR unless AUS findings require it.		
Fees to CBCMA	$399 Admin Fee. No lender fees allowed on secondary financing. The only fees chargeable to the borrower in conjunction with the secondary financing are prepaid interest, recording fees for the Deed of Trust, reasonable settlement fees, and a courier fee to return the signed documents to the Lender. The Admin fee is charged to the Correspondent and reflected on the Purchase Advise as a deduction from the total loan sale proceeds. Any addition to the lender fees to offset this charge to be paid by the borrower must never reflect as a charge payable to CBCMA. This fee MUST always be listed in Section A, either included in the Origination Charges or a separate line item Admin charge – but NEVER reflected as payable to CBCMA. Correspondents who choose to pass this cost along to the borrowers must be prepared to have this included in the QM points & fees test. *See the Correspondent Lending Guide for more details (section 5.31)*.		
Fees to Originator	CBCMA will allow a maximum origination fee of 1.5%. Additionally, the lender may charge for any CBCMA loan level pricing adjustments (LLPAs); charges for loan level pricing adjustments may be seller-paid. Lenders will be required to refund borrowers for any origination fees (including non-bona-fide discount points) exceeding 1.5% plus CBCMA LLPAs. Reasonable lender underwriting, administrative, or program fees are not considered in this calculation; however, they are considered in the QM 3% points and fees test. On brokered transactions, non-bona fide discount points may be charged in excess of the 1.5% origination fee maximum. These loans still must adhere to the QM 3% points and fees rule. At no time will CBC Mortgage Agency purchase a loan that exceeds the QM 3% points and fees test.		

	FHA		
	Rate Advantage	DPA Edge: Soft Second	DPA Edge: Repayable Second
IRS Transcripts Requirements	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. For W2-borrowers, follow AUS requirements for income documentation, or manual UW requirements if the loan is manually downgraded.		
Flood Certificate	Any life-of-loan flood certification from a valid vendor is acceptable as long as the flood certification in the file matches the appraiser's flood information. If this is not the case, CBCMA will pull the certificate from CoreLogic and charge $15 on the PA. (First mortgages **must** use CoreLogic or Service Link.)		
Disaster Certificates	In counties that have been deemed disaster areas by FEMA, CBCMA will require a 1004D disaster certificate OR a lender certificate, with exterior photos required for both. The certificate must be dated after the incident period. *See the Correspondent Lending Guide for more details (section 5.38).*		
Rate Sheet Compliance	CBC Mortgage Agency does not charge discount points on any of our loan products. The terminology of "discount points" has been clarified as to discussions surrounding the price paid to correspondents for rates charged on our rate sheets due to FICO score price adjustments. See the Correspondent Lending Guide for a complete explanation and correct compliance interpretation (section 5.31).		
Initial & Final URLA	We require a signed, initial URLA, per agency guidelines. We require either the initial or final URLA to contain the signature of the originating MLO; the initial URLA must be signed if only the initial document is delivered. The initial URLA must also be completed with the present housing expense section filled out. No exceptions.		
Required Documents	Secondary financing requires the delivery of a complete second lien file to include an application, LE, CD, and all other state- and federal-required disclosures. Secondary financing requires an initial, signed URLA; TRID compliant disclosures; and any state-required disclosures. The first mortgage file must contain a copy of the note, the deed of trust/mortgage, and a funding obligation letter dated prior to the loan closing date.		
Seller's CD	A copy of the CD provided to the seller at closing is required on all transactions.		
Escrow Holdbacks	Escrow holdbacks must be weather-related. *See the Correspondent Lending Guide for more information (section 7.21).*		
Ineligible Features	• Building on own land • Construction to Perm • 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; deed restrictions specified in FHA 4000.1 are allowed • Loans with resale deed restrictions • Proposed or under construction (new construction OK provided that the property is complete at the time of purchase)		
Mortgage Credit Certificates (MCC)	Allowed. Follow FHA guidelines for approval.		
Gaps in Employment	Employment gaps greater than thirty (30) days within the past two (2) years require a borrower LOE to explain the reason for the gap.		
Mortgage Insurance Certificates (MIC)	All Mortgage Insurance Certificates for all loans will be required to be delivered to CBC Mortgage Agency within 60 days of the note date. On manufactured homes, all MICs will be required prior to purchase. This will help us better align with industry standards for mitigating risk and preventing secondary delivery delays. Fees will be applied if delivery dates are not met.		

	FHA		
	Rate Advantage	DPA Edge: Soft Second	DPA Edge: Repayable Second
Current Housing Payment	All applications must contain a "present" housing payment. The amount "$0.00" should be entered into the "present" housing payment field if the borrower is not making a housing payment. The "present" housing payment field may only be left blank if your LOS does not allow an entry of "$0.00."		
Loss Payee Clause	It is acceptable for correspondents to utilize their loss payee clause on both the first and second mortgages, but the verbiage "Its Successors and/or Assigns ATIMA" must be present on both. (ISAOA/ATIMA is an acceptable abbreviation of this verbiage.) *See the Correspondent Lending Guide for more details (section 5.37).*		
North Carolina	If there are no fees charged in the origination section of the CD (Section A) other than the origination fee then lenders may exceed the 1.5% origination fee cap. Loans must comply with QM guidelines (i.e. the 3% points and fees test).		
New York	Chenoa Fund is not offered in the state of New York.		

Lenders who wish to participate in this program must be approved as a correspondent of CBC Mortgage Agency.
The Product Matrix should be treated as an abbreviation of the Correspondent Lending Guide. For more details on any topic, see our Correspondent Lending Guide.
https://chenoafund.org/lender/program-guidelines/
For questions, including whether your borrower meets alternative requirements, please reach out to info@chenoafund.org or scenariodesk@chenoafund.org.
Exception requests are normally submitted through the client site. Reach out to your account executive or exceptions@chenoafund.org if you need assistance.
Exceptions will incur a hit of 0.25 for loans where the borrower has a FICO score of 600–659.