

Announcement from Ira Selwin, VP of Capital Markets, on 1.5.23:

We are pleased to announce the re-rollout of the Chenoa Fund DPA Programs. Chenoa Fund is provided through CBC Mortgage Agency, a federally chartered government agency.

# What is the Chenoa Fund DPA Program?

The Chenoa Fund DPA is an FHA Only Product that offers either a 3.5% or 5% Down Payment Assistance in the form of either **forgivable** or **repayable** second mortgage.

# 2nd Lien Terms

 **The FORGIVABLE second mortgage**  
**30 year term with an interest rate of 0%.**

- For the **3.5% assistance** the loan is forgivable after 36 consecutive, on-time payments on the first mortgage (loan cannot be pre-paid to meet this requirement)
- For the **5% assistance** the loan is forgivable after 120 consecutive, on-time payments on the first mortgage (loan cannot be pre-paid to meet this requirement)

 **The REPAYABLE second mortgage**  
**10 year term with an interest rate at 2% higher than the first mortgage.**

# REQUIREMENTS

- Minimum credit score is 620
- Maximum DTI is per AUS (manual underwriting is NOT allowed – OVERLAY)
- Borrowers with a credit score of 600-639 will be capped at 125% payment shock (this does not apply to loans with DTI under 31%/45%)
- Borrowers with a FICO score 600-619 requires Homebuyer Education through Money Management International (no extra cost to borrower)
- Borrowers with a FICO score of 620-639 requires Homebuyer Education through any HUD-approved education course.
- Eligible property types include SFR, 2 Family, PUD, Condo, (Manufactured Homes are NOT allowed – OVERLAY)

# IMPORTANT NOTES

Loans in the state of New York are not permitted as Chenoa is not licensed in NY.

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.

USMC will not permit third liens or MCC's even though this is allowed by program guidelines.

Underwriting of the first mortgage must follow FHA guidelines and be TRID compliant.

**IMPORTANT**

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# Chenoa Fund Resources

For information about Originating, Processing, Underwriting, Closing, and selling loans to Chenoa go to [Chenoafund.org](http://Chenoafund.org)

See Training tab for detailed instructions about originating and closing loans.

No password needed for website.



[www.chenoafund.org](http://www.chenoafund.org)



# TRID RELATED REQUIREMENTS

Both the first and second mortgage require a full set of TRID compliant disclosures, which should include a Loan Application, LE, Initial CD, Final CD.

## Be sure to...

- List the secondary financing under details of transaction (On the URLA form section 4b has to be completed, as well as section 5a question c, the answer is no)
- When using DU® (Desktop Underwriter®), indicate the source of the down-payment is an “Government” type of down-payment. And for the explanation enter either “CBCMA” or “CBC Mortgage Agency.” Never enter “Chenoa” or “Chenoa Fund” here.
- CBCMA Secondary Financing notes are input into Additional Data & Details of Transaction sections of DU.
- CD disclosing for both the first and the second mortgage must follow TRID guidelines. The initial CD must be issued 3 days prior to consummation, just like the first mortgage, and is sent with the final CD and closing documents. In section L04, indicate either CBC Mortgage Agency Second Lien or CBCMA Second Lien depending on how you started.

# Registering & Locking

Chenoa Loan Programs for the first and second lien need to be set up in Encompass. (as well as an Underwriting Condition Set ).

Files will be registered/locked by USMC's Secondary Marketing Dept.

Following registration/lock, we will receive a Lock Confirmation & Funding Obligation Letter.

Please ensure the correct Loan Program is chosen in Encompass:

 Chenoa Fund - 3.5% Assistance - FHA - Bond	Chenoa Fund FHA First Mortgage
 Chenoa Fund - 5.0% Assistance - FHA - Bond	Chenoa Fund FHA First Mortgage
 Chenoa Fund - DPA 2nd Lien - Forgivable - Bond	Chenoa Fund DPA 2nd lien
 Chenoa Fund - DPA 2nd Lien - Non-Forgivable - Bond	Chenoa Fund DPA 2nd lien

Closing cost Templates can use the standard state specific closing cost template.

Price loan by selecting the "HFA/Bond" checkbox under the Product Type:

Product Type(s):

<input type="checkbox"/> All	<input type="checkbox"/> Standard	<input type="checkbox"/> Affordable	<input type="checkbox"/> HARP	<input type="checkbox"/> Hero/Champion
<input checked="" type="checkbox"/> HFA/Bond	<input type="checkbox"/> HUD Specialty	<input type="checkbox"/> Reno/Rehab	<input type="checkbox"/> Student Ln CO Refi	<input type="checkbox"/> USDA Streamline
<input type="checkbox"/> Expanded Guidelines				





# CLOSING a Chenoa Fund DPA Loan



Closing needs a minimum of 3 days from CTC to closing due to the unique nature of this program and the custom closing documents involved.

We are delegated for this program. Chenoa will not perform a pre-closing review.

Closing documents for the first and second mortgages will be drawn from Encompass (CBCMA to provide Encompass Plan Codes).

# Other important information:

- Prior to closing, CBC Mortgage Agency will issue a funding obligation letter for the second lien.
- Secondary financing closes in the name of USMC.
- Secondary financing is transferred to CBC Mortgage Agency after closing but prior to insuring.
- 2nds are required to be registered with MERS.
- You must input a MERS number for the 2nd mortgage (or have our system create one for you.)

# Secondary Financing Documentation Requirements

The following documents are required for all second lien loans and will come from Encompass:

- 2nd Lien Loan Application
- 2nd Lien Loan Estimate
- 2nd Lien Closing Disclosure
- 2nd Lien First Payment Letter reflecting CBCMA servicing address:

Under the terms of the funding obligation letter, USMC extends funds at the closing table on behalf of CBC Mortgage Agency for the borrower's down-payment. These funds are reimbursed by CBC Mortgage Agency at the time the first mortgage is purchased. The second must be transferred to CBC Mortgage Agency as soon as the file has been closed.

Payment address for the repayable seconds:

**Essex Mortgage ATTN: Cashiering** 2100 SE 17th Street #112 Ocala, FL 34471

## Secondary Financing Documentation Requirements continued:

2nd Lien Note – payment address for repayable 2nds must reflect CBCMA servicing address shown on previous page.

- 2nd Lien Mortgage/Deed of Trust
- CBC Mortgage Agency Secondary Financing Disclosure
- CBC Mortgage Agency Letter from the President
- CBC Mortgage Agency Quality Control Release form
- Addendum Regarding Seller or Lender Contributions (if applicable – applies to loans with seller-paid borrower origination charges)
- Notice of Transfer of Servicing for 2nd Lien



# CBC MORTGAGE AGENCY CONTACTS

Below are department contacts to send questions to the CBCMA team.  
Please copy our Account Rep Emenyo on all emails.

**General questions:** [Info@chenoafund.org](mailto:Info@chenoafund.org)

**Underwriting questions:** [Scenariodesk@chenoafund.org](mailto:Scenariodesk@chenoafund.org)

**Locks & registration process:** [Locks@Chenoafund.org](mailto:Locks@Chenoafund.org)



Our Account Rep:

Emenyo Segbefia

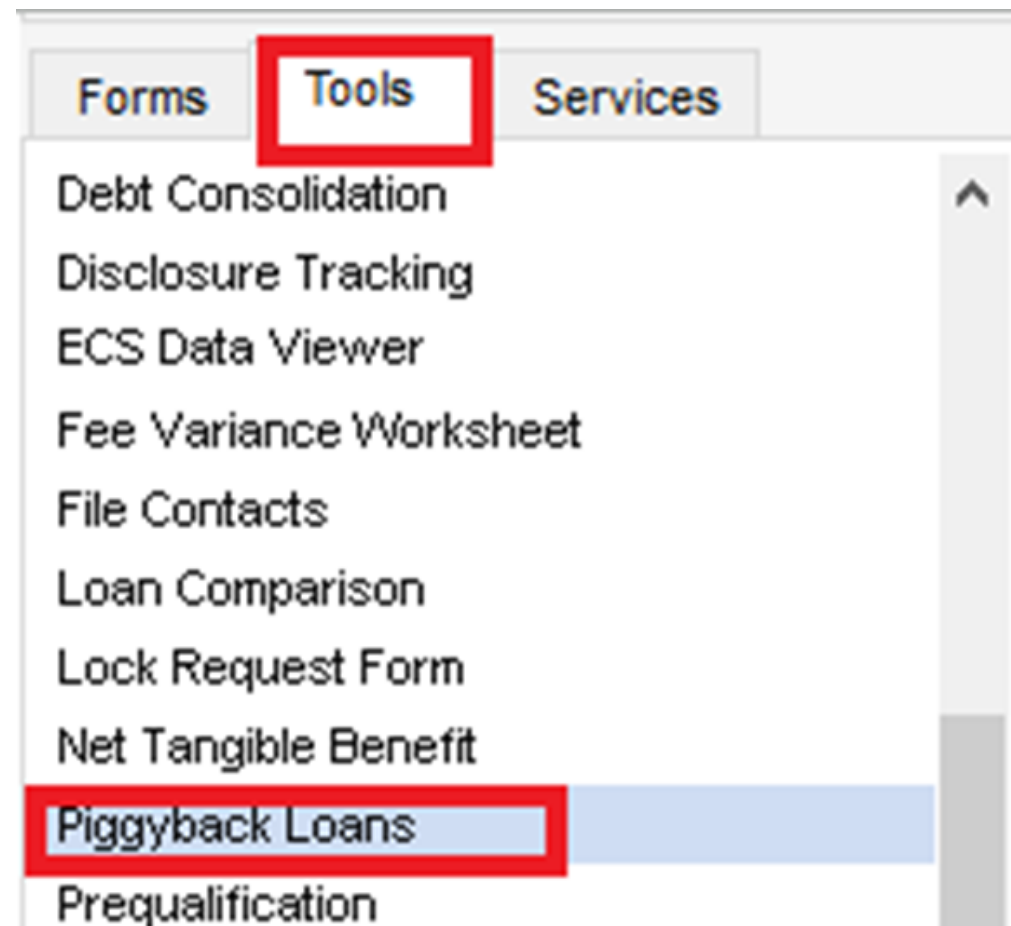
Direct: (347) 726-1822

Email: [emenyo.segbefia@chenoafund.org](mailto:emenyo.segbefia@chenoafund.org)

# How to Enter a Piggyback 2nd lien in Encompass

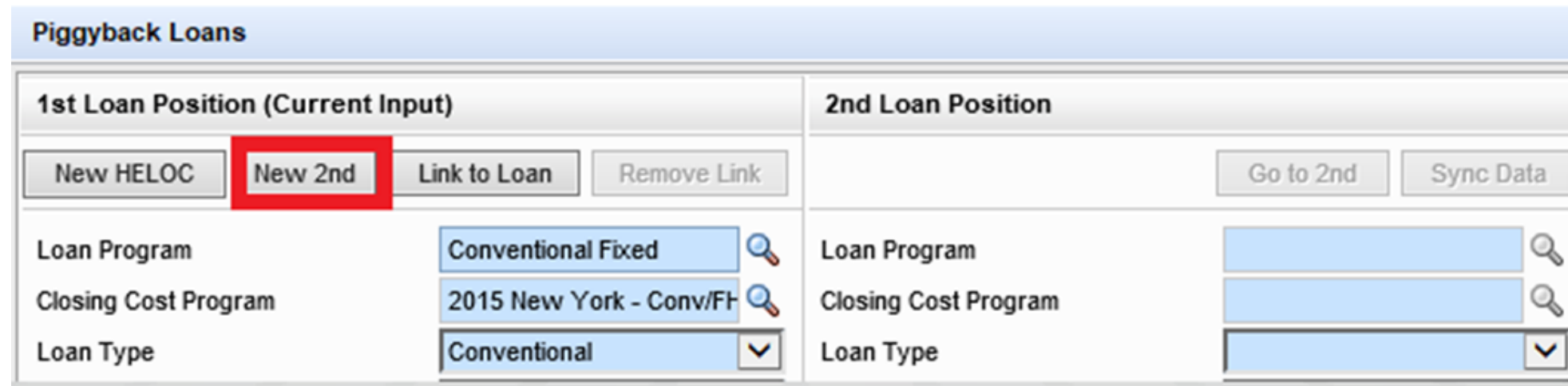
You will need to create a piggyback 2nd lien loan in Encompass for your Chenoa loan. This loan needs to be disclosed along with your first lien.

To create a piggyback 2nd lien loan, open your first lien loan and go to the Tools Tab and down to Piggyback Loans.



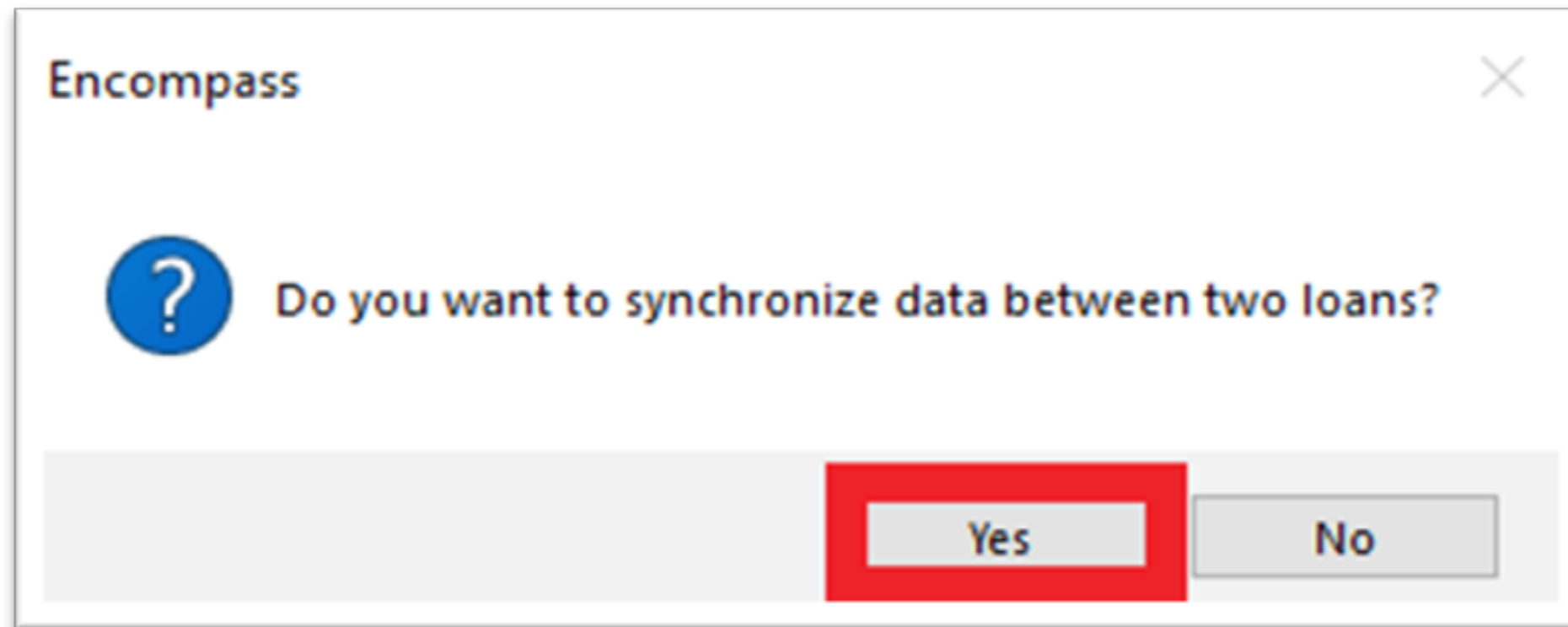
# NEXT step in creating Piggyback 2nd lien

Click the NEW 2nd Button



The screenshot shows the 'Piggyback Loans' interface. It is divided into two main sections: '1st Loan Position (Current Input)' and '2nd Loan Position'. In the '1st Loan Position' section, there are four buttons: 'New HELOC', 'New 2nd', 'Link to Loan', and 'Remove Link'. The 'New 2nd' button is highlighted with a red border. Below these buttons are three dropdown menus: 'Loan Program' (set to 'Conventional Fixed'), 'Closing Cost Program' (set to '2015 New York - Conv/Ft'), and 'Loan Type' (set to 'Conventional'). The '2nd Loan Position' section has two buttons: 'Go to 2nd' and 'Sync Data'. Below these are three empty dropdown menus for 'Loan Program', 'Closing Cost Program', and 'Loan Type'.

Click the YES button on the pop up confirming to synchronize data.





The screenshot shows a pop-up dialog box titled 'Encompass'. It contains a question mark icon and the text 'Do you want to synchronize data between two loans?'. At the bottom of the dialog, there are two buttons: 'Yes' and 'No'. The 'Yes' button is highlighted with a red border.

The 2nd lien is now created and synchronized.

# Creating a Piggyback loan cont'd

Select your 2nd Lien Loan Program.

 Chenoa Fund - DPA 2nd Lien - Forgivable - Bond	Chenoa Fund DPA 2nd lien
 Chenoa Fund - DPA 2nd Lien - Non-Forgivable - Bond	Chenoa Fund DPA 2nd lien

Select the state specific closing cost template.

**Piggyback Loans**

1st Loan Position (Current Input)		2nd Loan Position	
<input type="button" value="New HELOC"/> <input type="button" value="New 2nd"/> <input type="button" value="Link to Loan"/> <input type="button" value="Remove Link"/>		<input type="button" value="Go to 2nd"/> <input type="button" value="Sync Data"/>	
Loan Program	Conventional Fixed	Loan Program	Chenoa Fund - DPA 2nd L
Closing Cost Program	2015 Florida - Conv/FHA/L	Closing Cost Program	
Loan Type	Conventional	Loan Type	
Property Will Be	Primary	Property Will Be	Primary
Lien Position Type	First	Lien Position Type	Subordinate
Lien Position	1	Lien Position	2
Purpose of Loan	Purchase	Purpose of Loan	Purchase
Appraised Value	500,000	Appraised Value	500,000
Purchase Price	500,000.00	Purchase Price	500,000.00
Down Payment 15.000 %	75,000.00	Down Payment 85.000 %	425,000.00
Loan Amount Sub. Financing	425,000.00	Loan Amount Sub. Financing	75,000.00



# Piggyback loan cont'd

When you update information on the **first lien**, use the **Sync Data** button to update your 2nd lien



The **SYNCH DATA** button is **ONLY** to be used while in the 1st lien.

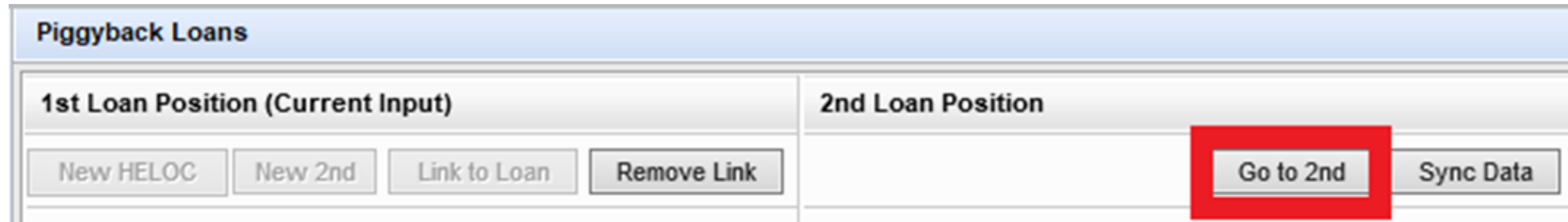
Piggyback Loans	
1st Loan Position (Current Input)	2nd Loan Position
<input type="button" value="New HELOC"/> <input type="button" value="New 2nd"/> <input type="button" value="Link to Loan"/> <input type="button" value="Remove Link"/>	<input type="button" value="Go to 2nd"/> <input type="button" value="Sync Data"/>

If the **SYNCH DATA** button is used while in the 2nd lien loan you will lose your 1st lien data.

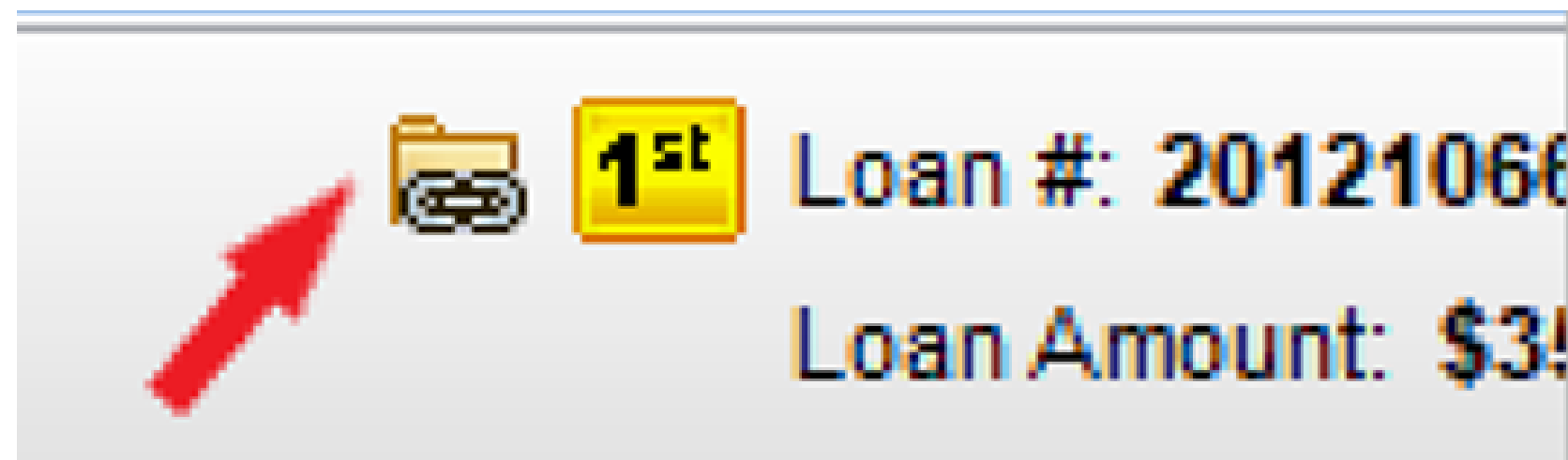
# Piggyback loan cont'd

You can toggle between the two loans by the following methods:

1. Go to Piggyback screen and click on Go to 2nd button.



2. OR, at top of loan page, click on yellow folder with link on it to toggle back and forth between 1st and 2nd.



Review and complete your 2nd lien application for Qualification.

That's a wrap!



## To Create a Piggyback Loan for a HELOC or Closed End 2nd

### [Start the 1st Mortgage and Gather Information](#)

1. Complete as much information as possible on the Borrower Summary, 1003, 2015 Itemization, verifications, and other loan forms.

### [Create the Piggyback Loan](#)

1. With the 1st loan open, click the **Tools** tab, and then click **Piggyback Loans**.
2. At the top-left of the form, click **New HELOC** or **New 2nd**.
3. When the message window opens, click **Yes** to synchronize the data between the two loans.

**Note:** If you select the option to synchronize loans, certain fields will be copied to the new 2<sup>nd</sup> lien loan.

- The piggyback loan is created and linked to the 1st loan.
- The new loan information displays in the 2nd Loan Position column.
- Choose 2015 – DPA 2<sup>nd</sup> Lien closing Cost Template and applicable loan program template
- You must also trigger the application on the 2<sup>nd</sup> lien before disclosing
- The loan is added to your Pipeline.

### [Synchronize Data](#)

To synchronize data between the first and second loans, all fields at once.

- **Important - Only Sync Data from the 1<sup>st</sup> lien, never while in the 2<sup>nd</sup> lien.** When you click **Sync Data**, all fields that are not synchronized are updated.
- The 2<sup>nd</sup> lien should still be reviewed to see if there are any missing fields that need to be completed.