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CBC Mortgage Agency
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REQUEST FOR COMMENTS ON THE CHENOA FUND

A TRIBAL GOVERNMENT AGENCY DOWN PAYMENT ASSISTANCE PROGRAM

AUGUST 1, 2018

Request for Comments in Anticipation of Government-to-Government Consultation

As is noted in U.S. Department of Housing and Urban Development ("HUD") Government-to-Government Tribal Consultation Policy, "The United States Government has a unique relationship with American Indian governments as set forth in the Constitution of the United States, treaties, statutes, judicial decisions, and Executive orders and Presidential memorandums."

CBC Mortgage Agency is issuing this **Request for Comments ("RFC")** as it prepares to seek consultation with the Federal Housing Administration ("FHA") regarding the Chenoa Fund to preserve, improve and enhance its various down payment program offerings (referred to collectively as the "Program").

About the Program

The Program is administered by CBC Mortgage Agency ("CBCMA"). CBCMA was created as a subdivision of Cedar Band Corporation by a federal charter issued by the Cedar Band Corporation on May 13, 2013. Cedar Band Corporation ("CBC") was created as a subdivision of the Cedar Band of Paiutes of the Paiute Indian Tribe of Utah ("Cedar Band") by band authorization and a federal charter of incorporation issued by the United States through the Bureau of Indian Affairs on September 12, 2012. Cedar Band itself achieved federal recognition through the passage of the Paiute Indian Tribe of Utah Restoration Act (25 U.S.C. § 761 et seq. the "Act").

As stated in its charter, CBCMA was established to, among other things, regulate the development, marketing, sale and management of mortgages, and real estate financing programs and methods in accordance with FHA loan programs, and to develop, market, sell and manage real estate financing programs and financing methods, including programs that comply with FHA loan programs, anywhere in the United States and its territories.

The Program consists of various down payment program offerings. They are as follows:

Down Payment Assistance Offered in Conjunction with FHA-Insured Mortgages

Chenoa Fund Edge Program

With this program, the borrower receives a 30-year term, 0% rate, no payment, second mortgage. Borrowers will need to meet the minimum FICO score of 620 and have a qualifying income less than or equal to 115% of the median income for the county in which the borrower will live. The loan is forgiven as soon as the borrower makes 36 consecutive on-time payments on the FHA first mortgage.

Chenoa Fund Repayable Second Program

With this program, the borrower does not have any income restrictions. There are two options for the repayable second. The borrower can choose a 10-year repayable second at 0% interest rate or a 30-year repayable second at 5% interest rate. Borrowers will need to meet the minimum FICO score of 620.

Chenoa Fund Rate Advantage Program

With this program, the borrower is able to lock their first mortgage at a market comparable rate. Borrowers will need to meet the minimum FICO score requirement of 640, have a debt to income ratio of 50% or less, and have a qualifying income less than or equal to 115% of the median income for the county in which the borrower will live.

Down Payment Assistance Offered in Conjunction with Conventional Mortgages

CBCMA offers second mortgages that may qualify for use in conjunction with 97% LTV conventional mortgage financing for low-to moderate-income borrowers, with expanded eligibility for homes in low-income communities. Additional options exist where there are no income limits. Borrowers will need to meet a minimum FICO score of 640 and any other Conventional underwriting guidelines.

Program Attributes

CBCMA and FHA share a mission to expand homeownership opportunities for first time homebuyers and other borrowers who would not otherwise qualify for conventional mortgages on affordable terms, as well as for those who live in underserved areas where mortgages may be harder to obtain.

1. If you received assistance through the Program as a borrower, what circumstances or challenges did the Program assist you to overcome?
2. To what extent does the Program assist borrowers who could not receive assistance from any other source?

3. To industry professionals, how does the Program compare to other down payment assistance programs with respect to borrower accessibility, borrower qualifications, underwriting standards, and ease of use?
4. Have you encountered any regulatory impediments that have made the Program less effective or viable? If so, what are they and how would you suggest they be addressed?

National Housing Policy

As an Affiliate Member of the National Council of State Housing Agencies (“NCSHA”), CBCMA shares its national housing policy priority to preserve and strengthen its partnership with FHA with respect to down payment assistance.

1. Do you agree with the Program as a matter of housing policy? Please state your reasons why or why not.
2. Do you have any suggested Program changes that would bring the Program more into alignment with your housing policy positions? If so, what are they?
3. Do you think the Program is necessary or essential? Please state your reasons why or why not.

Risks to FHA Mortgage Insurance Program

FHA insures mortgages through its Mutual Mortgage Insurance Fund (“MMIF”). The MMIF is a revolving fund that uses the proceeds from insurance premiums, investment income and foreclosure sales to provide funds for future mortgage insurance. Generally, FHA rules, regulations and guidelines (e.g. HUD Single Family Policy Handbook 4000.1) are promulgated to balance undue risks to the MMIF against FHA’s mission to expand homeownership opportunities for first time homebuyers and other borrowers who would not otherwise qualify for conventional mortgage on affordable terms, as well as for those who live in underserved areas where mortgages may be harder to obtain.

1. Are you aware of any practices or procedures undertaken by CBCMA that you believe pose undue risk to the MMIF?
2. Are you aware of any practices or procedures undertaken by CBCMA that you believe are inconsistent with or not compliant with FHA rules, regulations or guidelines, (e.g. HUD Single Family Policy Handbook 4000.1?).
3. Do you have any suggestions regarding borrower requirements or Program enhancements that CBCMA should consider to reduce risks to the MMIF?



Comments Due Date: September 30, 2018

This Request for Comments is issued by CBC Mortgage Agency

Comments may be submitted as follows:

By Mail to: 912 West Baxter Drive, Suite 150, South Jordan, UT 84095

By Email to: rfc@chenoafund.org

Online at: chenoafund.org/rfc

