

Reactions/Feedback from Council Members About Survey Results

11:00 AM

Doug Dylla

Doug Dylla asked the participants for reaction to the survey results.

GENERAL SURVEY/SONYMA FEEDBACK:

- ❖ SONYMA's decision to increase lender compensation in December has not trickled down to loan officers. Since majority of the respondents to the survey were loan officers, the increase in lender compensation was not given as a major reason for affecting SONYMA's volume. As such, a loan officer's motivation to recommend a SONYMA loan is more "customer service" based;
- ❖ Educate Lenders' loan Staff about files/programs (Process);
- ❖ Underwriting guidelines – SONYMA guidelines are used by Genworth– (Process);
- ❖ If SONYMA says "yes" to a loan and Genworth says "no" → causes confusion about guidelines – MIF provided MI about 25% of time/Genworth about 75% in 4th quarter of 2009...discrepancies in Genworth/SONYMA approval is due to changing market conditions; and
- ❖ Automated Underwriting – In Process – Targeted for testing by the end of the year (which will simplify compliance issues). This will "take out guesswork" – and allow "quick compliance decisions".

SONYMA RELATIONSHIPS/OUTREACH

- ❖ Surveying SONYMA loan customers would be great and provide different perspective;
- ❖ How to better outreach to consumers was not included on survey. Outreach and education; Customer is key - many Realtors may have out right denied FHA/SONYMA loans in Westchester County;
- ❖ Improving Lender-Realtor relationships is key;
- ❖ Survey of Realtors? Duncan MacKenzie of NYSAR offered to work with SONYMA in developing survey to reach out to realtors and find out why they don't promote SONYMA loans;
- ❖ Lender/Realtors are discouraging use of SONYMA (Process/Outreach). Realtors who aren't interested in doing SONYMA loans are often influenced by lenders who don't think highly of SONYMA products/process;
- ❖ Website should have more transparency – publish turnaround times of Loan officers and processors. Make website more user-friendly for processors, too Outreach); and
- ❖ Misconception about delays and extended timeline (process). Suggests better marketing products with Realtors and consumers.

APPRAISALS

- ❖ Substantiating and supporting value for rural properties in upstate NY are a challenge (pertaining to getting sufficient numbers of comparables and underwriting issues because of the lack of updated sales data). Additionally, having to rely on last year's data to bracket a sale isn't very accurate. Finding comps with lots of acreage is very difficult as well;
- ❖ Missing appliances affect value and habitability of property;
- ❖ HVCC – Home Valuation Code of Conduct – has been very problematic in its implementation. HVCC should be addressed or influenced by SONYMA;
- ❖ Limited number of comps - HVCC issue - across the board-especially with declining values – Lenders are unable to bracket values;
- ❖ Purchases with subsidy – appraisers may not know how to deal with it (HVCC);

- ❖ “Unintended consequences” (HVCC) – selection of appraisers made due to lower fees, rather than experience;
- ❖ Realtors Association could bring in appraisers to discuss issues (Outreach);
- ❖ Appraisal problems – why are loan denials given instead of counter offers? (HVCC) SONYMA should give counter offers to appraisals if they don’t agree instead of asking for more comps; and
- ❖ Third-party vendors are conservative in interpretations (HVCC).

ENERGY-STAR PROGRAM FEEDBACK

- ❖ More Energy-Star training is required – Energy-Star Program not being taken advantage of.

CONSTRUCTION INCENTIVE PROGRAM FEEDBACK

- ❖ Some lenders don’t make construction loans and unless the builder is able to fund the construction with his or her own funds, program can’t be utilized. Certain lenders have chosen not to participate. Comment made that “Most builders/developers are not going to enter into a contract with a potential buyer who is doing a SONYMA loan.”;
- ❖ Construction lending has dried up and that’s an issue as well; and
- ❖ Pushback from Attorneys on CIP program because they don’t understand the process or SONYMA loans – “Online report card on closings is helpful” (Process).

REMODEL NEW YORK PROGRAM FEEDBACK

- ❖ Make it work better, more user-friendly (currently only two lenders in Remodel NY Program);
- ❖ Need for simpler/easier version of Remodel NY, especially for use with “Short Sales” or general repairs – improvements/repairs to get satisfactory appraisal/streamlined loan/semi-distressed properties (\$10k or less). Most banks aren’t aware that they can participate in Remodel NY. With recent market conditions the loan program could benefit more borrowers;
- ❖ Lenders want to see the Remodel NY program more streamlined, and or additional options for short sale and REO transactions. However, there are issues/difficulties in getting rehab portion in the short sale or REO closed in the required time frame. Other factors are that sellers don’t want to spend money on repairs and buyers won’t pay until they close on the property. Structure a program tailored to rehab for necessary items “as needed,” allow to close and a time frame after closing (aside from escrow holdback) to complete repairs and or maintenance. Lenders don’t want to see “restrictions” on cosmetic or minor repairs; and
- ❖ Remodel NY could factor repairs into purchase price like a streamline version of the “203k” loan.

RATE LOCK

- ❖ 100-Day Rate Lock is an issue – many lenders want to close in 60 days. 100-Day Rate Lock – a feature? Shorten? Ok as is? (Process). Realtors want quicker closings-quicker timeframes while some feel 100-day rate lock is important because without it, rate lock can expire before contract does -- especially in downstate. Additionally, 100-day rate lock can be sold as feature because many SONYMA loans have subsidies wherein paperwork for subsidies can add up to six weeks to process and for the funds to come through.

Small Group Discussions

12:30 PM

Doug Dylla

Doug Dylla asked the participants to identify the top issues concerning them and to prioritize the top three to start the small group sessions.

SMALL GROUP TOPICS (*topics that were chosen for further discussion)

*Product/Program to Address Short Sale Repairs

*Outreach Issues with Lenders/Realtors, Consumers (training)

*Process Issues (Automated underwriting, rate lock, timeline, report card, simplifying)

Appraisal issues – HVCC

Enhance SONYMA Product Line

The small groups were then asked to address the following questions within their given topic.

Small Group Tasks (Answering these questions)

1. What can be done? (Both short term and long term)
2. Who is responsible? (SONYMA? Lenders? Both? Others?)
3. Identify 1-2 key objectives
4. Identify 1-2 key benchmarks to track progress

Reporting from Small Groups - **GROUP I. Remodel NY Short Sale/Repair Issue**

1:45 PM

Judy Malys, Barbara Dotzler, Susannah Gillette, Stephen Carle, Christine Nothnagle (Facilitator), Lisa Schatzel, Jim Ahrens and Gerard Troha.

What can be done?

- 1. Enhancement of Escrow Holdback (when the borrower has funds available for repair)**
 - a. \$10K maximum holdback;
 - b. Allow up to 60 days (non-weather related repairs, as well as weather-related repairs); and
 - c. SONYMA would purchase loan before completion of repairs and escrow pay-out.
- 2. Create a Mini-Remodel NY Program (when the borrower does not have funds available for repair – similar to HUD’s streamline 203k Program)**
 - a. \$25,000 Maximum for the amount of repairs (cost of repairs to be supported by an estimate from a licensed professional and appraised value to support and “after improved” value if repairs are to be financed);
 - b. Option to roll repair costs into loan amount;
 - c. Possible pilot program; and
 - d. Can be used for short sales.
- 3. Enhance Existing Remodel NY Program**
 - a. Streamline process and documentation; and
 - b. Educate more Participating Lenders.

Benchmarks

- ✓ Monthly reporting on outstanding repairs and escrow funds;
- ✓ Measuring increase of loan volume in RNY Program; and
- ✓ Measuring increase in Participating Lenders in the RNY Program.

Discussion Notes

- ❖ Many properties have roofing issues, non-functioning plumbing and general deterioration due to older housing stock;
- ❖ RNY could be used as enhancement for investment properties;
- ❖ Should be structured without weather-related limitations;
- ❖ SONYMA should revamp/expand Remodel NY (since program is already in place);
- ❖ \$10,000 maximum for escrow;
- ❖ Issue of who comes up with money – borrower or seller? Probably the seller;
- ❖ For short sale properties → mini-Remodel NY program addressing only semi-distressed properties;
- ❖ Streamline 203k (should look at successful examples) and attach to ATD [spell this out] and Remodel NY programs;
- ❖ SONYMA should adopt a version of 203k and having consultant component of 203K is really important for structural repairs;
- ❖ Remodel NY is cumbersome and needs to be more user friendly;
- ❖ Servicing end is an issue for Remodel NY – that’s why lenders don’t participate;
- ❖ Self Help Program is a huge problem for construction and remodeling loans – do not include this in Remodel NY;
- ❖ Give below market rate for 203k – this would give SONYMA an advantage;
- ❖ Lender getting calls all the time asking about foreclosure loans; and
- ❖ Issues with loans for short sales → many of them have 2nd liens.
- ❖ Will lenders perform a due diligence on contractors?

Reporting from Small Groups - **GROUP II. Process Issues**

2:00 PM

Jeff Needham, Cristina Hoffman, Kathy Forrett, Sharon Stockton, Kelly Godino (Facilitator) and Barbara Martin.

What can be done?

1. 60 Day vs. 100 Day Rate Locks
2. Big selling feature to borrowers however, some Realtors and developers see the long-term rate lock as more of an obstacle.
3. Lenders want more options with rates and pricing at reservation and if commitment extension is needed. For example, paying additional cost to keep rate or getting additional compensation if loan closes before commitment expires.
 - a. Lenders would like to see online training or webinars for loan programs;
 - b. A more user-friendly website with direct links to Income and Purchase Price limits;
 - c. Direct link to Sellers Guide, a search engine similar to Fannie Mae AllRegs, ability to search for specific guidelines or policy. More SONYMA web promotion through ads or media publication;
 - d. Call Center available for lenders to answer detailed questions on underwriting and income calculation;
 - e. A website with a comparison chart for SONYMA/FHA/Conventional loans; and
 - f. Lenders are requesting option to send “Compliance Review” loan files to SONYMA via electronic delivery.

(No Benchmarks developed.)

Discussion Notes

- ❖ Pricing options (100 vs. 60 day) – 60-day loan should have lower rate;

- ❖ Extension Fees – instead of getting market rate when rates expire; different cost associated with different reasons for extension;
- ❖ Hold regular webinars on SONYMA programs;
- ❖ Call Center specifically for SONYMA questions or specific scenarios;
- ❖ Electronically delivering files for all lenders;
- ❖ Include a “tip of the week” on top of each week’s rate bulletin, highlighting something to take note of or remember for the week;
- ❖ Recognizing “top SONYMA loan processors” in the online reporting; and
- ❖ Creating individual groups with committees.

Reporting from Small Groups - GROUP III. Issue: Outreach/Marketing	
2:20 PM	Lynn Matarazzo, Sheryl Meyer, Leslie Blanco-Ishoo, Ed Patane, Mike O’Leary, Nicole Mero-Dutil, Denise Pandolfo, Kennis Tong, Bill Wippich (Facilitator), Duncan MacKenzie and Phil LaRocque.

What can be done?

1. SONYMA banner ads can be placed on real estate listing web-sites/industry specific partners/real estate community
2. Follow up on press releases to ensure issued/printed
3. Co-op advertising with lending partners
4. Promote SONYMA products via social media websites
5. Online Google search targeting
6. SONYMA applications
7. SONYMA can be acknowledged as Expert in key newspapers – Real Estate sections
8. Offering SONYMA Continuing Education for credit to Appraisers/Attorneys/Builders/Realtors/Lenders
9. Inspire confidence in SONYMA products
 - a. Identify specific target markets (e.g., minority markets)
 - b. Partnering with key stakeholders- e.g., MBAA, Real Estate partners, Builders, NY Cooperative Owners Association

Benchmarks

- ✓ Current “Hit Rate” on SONYMA website vs. 6 month period, at reasonable frequencies- measure the rate of change; and
- ✓ Historical vs. after 6 month timeframe:
 - Number of outreach sessions SONYMA participates in.
 - Coverage as function of number of press clippings.
 - Effect on “second tier” lenders - percentage change in participation of SONYMA loans.

Discussion Notes

- ❖ Primarily SONYMA responsibility;
- ❖ Communicate with consumers regarding the application process- what went well/didn’t go so well. Consider going directly to a consumer survey for data;
- ❖ Get local organizations involved;

- ❖ Focus on real estate and MBA- builders/realtors/minority organizations, get the organizations involved to reach more people in short term, and long term establish education programs to identify advantages of pushing SONYMA product;
- ❖ Short term goals/strategies include working with other websites- use other sites as links with a focus on increasing awareness of what SONYMA is- a special program with down payment assistance and low interest rates;
- ❖ Place SONYMA advertisements in real estate sections of newspapers;
- ❖ Minority markets should be targeted- possibly focus on Hispanics as No. 1 group;
- ❖ SONYMA needs to do follow up with media regarding press releases, long term SONYMA needs to be identified as a source (authority) other than the federal government (HUD is often quoted); and
- ❖ Education program-get local builder's organizations, realtor's organizations and minority organizations involved- more than a mere booth- SONYMA needs to be the center of attention.

Next Steps

2:30 PM

Doug Dylla

Next SONYMA Lender Advisory Council has been set for **Tuesday, September 21, 2010** from **10 AM – 3 PM**.

George Leocata provided an update about current improvements that SONYMA is working on and to discuss the upcoming homebuyer tax credit deadline.

Automated Underwriting

- ❖ SONYMA is hoping to roll out its automated underwriting system by late 2010;
- ❖ More emphasis on manual entry online option versus a system integrated software (because of time and money investment unavailable for some lenders); and
- ❖ Make differentiation in system between income compliance calculations and underwriting income calculations.

Homebuyer Tax Credit

Discussed with group what SONYMA's policy should be for receipt and review of loan files, particularly loans with a Tax Credit Advance Loan, given the given to the June 30th deadline to close loans. Decided that there should be multiple deadlines because June 15, 2010 is too late for a deadline to send in compliance files for SONYMA review.

1. Submit compliance file by June 4, 2010 (proposed); and
2. Meet conditions by June 15, 2010 (proposed).

- Council Adjourned -