SONYMA ADVISORY COUNCIL MINUTES		
3.24.2011	**10:00 AM – 2:30 PM**	**641 Lexington Avenue, NY, NY 10022**

Meeting called by	State of New York Mortgage Agency/NYSHCR
Type of meeting	SONYMA Advisory Council's Third Meeting
Facilitator	Doug Dylla
Note takers	Ian Clement, Theresa Do, Emma Dorsey and Stephen Vasquez
Attendees	Appended List

Call To Order – Openings and Council Updates	
10:00 AM	Doug Dylla, Marian Zucker and George Leocata

The meeting was opened by facilitator Doug Dylla, with review of the agenda, SONYMA's Advisory Council purpose, ground rules and introductions. All attendees were asked to introduce themselves.

Marian Zucker, President of Finance and Development at NYSHCR, spoke about the Advisory Council's great work, passion and energizing effect. She expressed gratitude to Senior Vice President of SONYMA, George Leocata, and SONYMA staff for their continuous progress, active participation and support. Because of the success of SONYMA's Advisory Council, Ms. Zucker announced the intention of launching a similar initiative on the multifamily side of NYSHCR. Ms. Zucker went on to discuss SONYMA's current rate differential being closer to the market than it has been in the past because historical rate advantages over conventional rates are waning. She further explained that SONYMA borrows in the tax-exempt municipal bond market, which has historically allowed SONYMA to offer lower mortgage rates. However, the municipal bond market has suffered since the 2007 market crash. Skittish markets have caused investors to leave the "risky" bond market and instead go to the sturdier treasury market. This dynamic continues to hammer the ratios between the municipal rates and treasury rates, which in turns makes SONYMA rates higher. Further, in 2009, the federal government launched an initiative to purchase $1.25 trillion in mortgage-backed securities to encourage home purchases—this was harmful to SONYMA because it drove conventional rates lower. Recognizing the value of state housing agencies to the first-time homebuyer market, the federal government introduced the New Issuance Bond Program (NIBP). From NIBP, SONYMA received $389 million, allowing the Agency to leverage $687 million in mortgage purchasing capacity. However, all of these funds have either been utilized or reserved against. Going forward, SONYMA must return to borrowing in the municipal market sometime in June of 2011, which has resulted in SONYMA increasing rates. To offset these rate increases and to keep SONYMA programs attractive to NYS Borrowers, SONYMA has reduced the rate differential for mortgages with down payment assistance (to 0.375% down from 0.50%) and raised the maximum DPAL amount (from $10,000 to $15,000). Ms. Zucker stated that SONYMA intends to continue the same product profile and noted that SONYMA's delinquency rates are at 3% compared to the national average of 10%.

Senior Vice President of SONYMA, George Leocata, announced the release of *Own it, Fix it New York! Home Mortgage* purchase repair program on April 1st, which came about as a direct result of the Advisory Council's recommendations and hard work. The *Own it, Fix it New York! Home Mortgage program* is a purchase/renovation program meant to provide financing for purchase and repairs of homes in need of minor improvements (for example, replacement of counter tops, or repairs to the

roof, etc). The funds for repairs will be placed in an escrow account, which lenders are responsible for administering. SONYMA will purchase the loan from lenders before the renovations are completed. Overall, the program is meant to be simpler and more streamlined than current *Remodel NY Program*.

The meeting was then turned over to the sub-committee chairs for presentations and discussion of updates and progress since the September 2011 Council meeting.

Update Reports from Sub-Committees	
10:45 AM	Purchase/Repair Sub-Committee - Christine Nothnagle

Christine Nothnagle (Chair of the Purchase/Repair Sub-Committee) presented on behalf of the sub-committee with the discussion of the benefits of the *Own, it Fix it! New York Home Mortgage Program*. The idea for *Own it, Fix it New York!* stemmed from the challenges of lenders having many homes falling just outside the range of passing FHA standards; hence the sub-committee recommended and SONYMA created this product to address the existing inventory of homes suffering from deferred maintenance and in need of minor repairs. Christine Nothnagle thought *Own it, Fix it New York!* would be a terrific product because there are many homes in need of repair and it would greatly assist buyers who couldn't afford to make these repairs themselves.

According to Ms. Nothnagle, the realtor community thinks *Own it, Fix it New York!* is a great tool. Some lenders noted that they were not ready for an April 1st roll out while other lenders expected to be ready to take loan applications starting April 1, 2011. Within the discussion, Citibank expressed they may not participate;, Wells Fargo needed corporate approval particularly dealing with the escrow administration before moving forward; HSBC was unsure of timing but expects to fully participate in the program; Mid-Hudson Valley expected to participate, but needed more time to coordinate; and JPMorgan expressed interest in participating.

Mr. Leocata emphasized that lenders should keep in mind that there is a higher repurchase risk if the escrow is not handled properly by the lenders. He stressed that communication with, being active in the process and attentive to contractors is the key to mitigating this repurchase risk.

Other Considerations/Comments:

Some of the questions and suggestions made for ensuring a smooth roll-out of *Own it, Fix it New York!* were:

- Improving the contractors' contract, making it an electronic/interactive form or template that can be adapted by lenders and sent to contractors.
- Removing the language in the contract requiring proof of payment to sub-contractors before funds disbursement/ Option #9, proof of requirement for paying subcontractors, should possibly be removed.
- Allowing the form to be tweaked or flexibility around the issue of an estimate/ paying sub-contractors, otherwise, may cause timing issues for purchase of loan.
- Some lenders don't want to participate if the verification process is too cumbersome.
- A template NYC contract should be available for lenders.
- Plan to provide multiple training webinars to teach lenders about the program— possibly providing different webinars to address the front-end and the back-end of the process.

Update Reports from Sub-Committees	
11:00 AM	Outreach Sub-Committee - Gail Kresge

Gail Kresge (Downstate SONYMA Relationship Manager) opened the presentation on behalf of the Outreach Sub-Committee**.** The committee presented SONYMA's current outreach and marketing initiatives inclusive of: print advertising in local publications; radio advertisements currently airing on "1010WINS"; hosting a Home expo event with 97Kiss FM and lender partners; marketing with ads, radio play, TV, flyers, newspapers, magazines. Ms. Kresge emphasized that SONYMA has a hotline, The SONYMA information hub, which can be accessed at 1-800-382-HOME, to answer lenders' and Borrowers' and consumer questions. She encouraged lenders to get the word out and to start utilizing the hub. Additionally, Ms. Kresge discussed the hope of adding a live chat section online. Ms. Kresge also noted that SONYMA's marketing ads are distributed throughout the state on a monthly basis. Ms. Kresge further discussed how the Sub-Committee thought it would be a great strategy to launch other homebuyer events in conjunction with the marketing activities, moving the event from downstate to upstate to cover the entire state at local colleges, community centers etc. Ms. Kresge also said the committee wanted to focus on cooperative advertisements together with partner lenders in an effort to increase SONYMA awareness and present a partnership theme to the public. The cost for a large ad could be shared between the participants. A "mock-up" ad was shown. The committee expressed the hope of gaining significant lender interest in co-sponsoring these ads. Additionally, www.SONYMA.org was approved for the use of advertising to secure the SONYMA brand which, navigates directly to the SONYMA portion of the website. This feature is intended to help with more name recognition and clarity about SONYMA's function and purpose.

Other Considerations/Comments:

- Important to move around the state with ads and homebuyer events; this should include upstate as well as downstate areas. Craig Shannon of SONYMA Marketing commented that SONYMA currently has print ad placement around the state and SONYMA Marketing is monitoring the ads' utility.
- Consider who you want to attend the homebuyer events.
- Doing cooperative ads with participating lenders received considerable support.
- Adding a live chat option to the SONYMA website/communication hub—email, voicemail, live chat, etc will be quite useful.
- Expand outreach into the Mid-Hudson Valley section of the state.
- Consider polling Council members on whether ads are useful/helpful and if they are seen in targeted areas.
- Try to offset costs by getting sponsors from lenders for radio time.
- Get feedback from different regions on promotions.
- Publications upstate: many smaller papers are available with specific target audiences.

Update Reports from Sub-Committees	
11:15 AM	Process Sub-Committee (Kelly Godino)

Kelly Godino (Chair of the Process Sub-Committee) presented the Committee's top three recommendations for future webinar topics: 1) SONYMA 101- the basics; 2) how to calculate SONYMA compliance income and review tax returns; and 3) appraisal review for credit underwriting and

compliance purposes. Ms. Godino announced that the sub-committee completed its work on a FHA vs. SONYMA comparison tool (final draft was attached as Exhibit IV a. to the SAC packet). The comparison chart and proposed webinars will serve as excellent resources for Loan Officers. The sub-committee was also pleased to announce that based upon their recommendation, SONYMA has eliminated the portion of Section 9C in the Mortgagor's Affidavit which required Mortgagors to provide detailed information regarding where they resided for the previous 3 years including dates, property address, and landlord's name/address. (The revised Mortgagor's Affidavit was attached as IV b. to the SAC packet). Ms. Godino expressed the subcommittee's enthusiasm regarding this decision.

Ms. Godino then requested that SONYMA evaluate its current rate lock extension policy. She cited chronic problems/issues lenders and Borrowers face (TIL timing issues, re-submitting for PMI/Pool insurance and uncertainty for Borrowers) in an increasing rate environment. In addition, she noted that lenders offer rate lock extensions for other loan types. The sub-committee recommended that Borrowers be given the option to pay an additional fee in order to retain their current rate for an additional period of time such as 15, 20, or 30 days. The committee noted as an example that some investors charge 0.02% per day to extend the rate. There was discussion about which party is responsible for the delay and who pays the fee, as well as why an extension is necessary in the first place (i.e. there are many times when the lender extends because they weren't able to close on time). Most of the time, the need for an extension is through no fault of the Borrower, but rather is often times due to subsidy, short sale, title issues, and lender issues. In summary, Kelly recommended that Borrowers be given the option to lock at the market rate for an extended period of time or to extend the Borrower's current rate for a fee. George Leocata questioned charging only 0.375% to extend a rate that is significantly lower (i.e. 0.75% - 1.00%) than current market rates. He noted that at the present time, SONYMA imposes a 2% penalty to lenders who deliver a loan priced 0.50% below the current rate. The group agreed that further discussion is warranted.

Other Considerations/Comments:

- Adding the SONYMA v. FHA comparison chart on the Loan Officer's webpage.
- Discussed giving the Borrower the option to accept the market rate or to pay a fee to close at the reserved rate.
- What happens if there needs to be a second extension?
- Truth–in-Lending Disclosure requirements make rate lock changes difficult for lenders.
- Extension lock rates should be handled on case-by-case basis.
- Recognize top producers, underwriters and originators on SONYMA's website.
- Examine the issues as to why lenders aren't able to close loans within the 100 day rate lock period.

Presentation on Automated IRS Compliance & Underwriting System	
11:30 AM	Overture Technologies, Inc. - Brian Webster

Overture Technologies, Inc. is a technology company based in Bethesda, Maryland that SONYMA has hired to develop its automated underwriting and IRS compliance system. Overture's principal owner, Bill Kelvie, the former CIO at Fannie Mae was responsible for developing Desktop Underwriter. Brian Webster (Project Manager at Overture and project liaison for SONYMA) provided a presentation (attached to the SAC packet as Exhibit V) giving the background of Overture and their underwriting system, SONYMA's specific needs and how the system is envisioned to be tailored to fit those needs, process flows, a demonstration on how the system would work, screen shots of SONYMA's system, the current project status of SONYMA's automated underwriting system and upcoming steps and how the

Council could be utilized to support SONYMA in the effort of the automated underwriting system. The automated underwriting system is expected to be piloted to a select number of lenders in early June with an official release later in the summer. Mr. Webster discussed some of the details including SONYMA's requirement that the system "push" the loan to the correct insurer; the need for documents converted to PDF and TIF before being uploaded; the potential for a Blitz-docs overlay (a Xerox owned company) managing documents electronically; CBC Innovis handling the tax returns; and once the loan is approved, the loan is locked in the system, after which no further changes can be made by the lender (at this point, only the insurer is allowed to make changes).

In following discussions, concerns were addressed regarding when a loan is approved, the system will be locked, and what would happen if certain factors changed in this loan scenario (i.e. documentation would have to be submitted to the insurer for the change to be effective). It was also noted that the pre-approval has more credence with the AUS while the full compliance decision comes at an expense to the Borrower. Additionally, if the Loan Officer has already reconciled credit, the following should be available: merger for tax transcripts, credit reports, and initial release. The Advisory Council wanted to make sure that the required tax transcripts were 1040's rather than W-2's. They explained that W-2's have higher fees and take longer to obtain. Mr. Webster wanted the Council to note that even if the result of an inquiry into tax documents turns up "no record found," a fee would be charged. There was some question about whether the income that was considered for underwriting purposes would be the same as the income used for compliance purposes—they noted that issues like unreimbursed expenses might make them different. Mr. Webster responded that compliance income will be added manually.

Other Considerations/Comments:

- George Leocata noted that a fee would be charged to obtain tax transcripts.
- Some AUS fields will be pre-populated while some fields will need manual input.
- The interest rate will update automatically in the system.
- Credit report and tax transcripts can be merged and don't have to be pulled again.
- 1040's & W2's are two different transcripts which should be two different fees, but many lenders rarely ask for a W2.
- All available findings will be displayed on Mozart, resulting in one of three possible outcomes: 1) Eligible; 2) Near Miss; and 3) Ineligible.
- The AUS needs a detailed income screen to input potentially complex income info.

Sub-Committee Discussions	
12:30 PM	Doug Dylla

Doug Dylla asked the participants to break out into their discussion groups for a working lunch and continue their sub-committee discussions to develop "SMART goals" for future work. Sub-Committees were asked to identify 1-2 SMART goals for the next six months and to identify 2-3 conference call times for their sub-committees over the next six months. SMART Goals are defined as **S**pecific, **M**easurable, **A**greed Upon, **R**ealistic and **T**ime-Based goals to meet a specific objective. The outcomes of these sub-committee discussions are listed below.

"SMART Goals" - **Sub-Committee I. SONYMA Automated IRS Compliance and Underwriting System (AUS)**	
2:05 PM	Steve Carle (Chair), Judy Malys, Christine Nothnagle, Lisa Schatzel, Susannah Gillette, Andrew DiPasquale (alternate) and Gerard Troha. Absent: Barbara Dotzler & Michelle Bage (attended via conference call), Jim Ahrens and Dave Forbes (non-SAC member) **Staff Liaison:** Marie Cammarata

The sub-committee was introduced as a newly formed committee chaired by Steve Carle. The sub-committee defined its roles during development/testing of the AUS as well as identified people involved and practical goals. The committee also wanted to make sure that the system could read credit reports—including various numbers/months per trade line. Overture assured the committee that they will be able to establish three trade lines for 18 months. Brian Webster noted that they could create varying privilege levels for those who are accessing the system, limiting access for certain participants. For example, Overture could create one layer for initial review and one layer for quality control, as with Lender Online. There could be one layer for origination and another for registration, closing, underwriting, post closing, secondary marketing, etc. In that case, multiple users could work on one case with different access privileges. The sub-committee recommended only two access levels with varying restrictions. Further, the program can be structured so that companies and users, or "companies" within companies, can have access to some or all of the data. This could enable file sharing, but would need to be ironed out so that protocol for cooperating is relatively straight forward. Regardless, it is still possible to view the initial data on anyone's file.

A question was raised related to the possibility of interfacing the credit to the DU file to pull credit information at the same time or making it possible to attach a PDF of the credit report. Mr. Webster indicated that in a scenario like that, the lender would have to reissue credit within the system. The cost for pulling credit from Equifax/CBC is estimated at about $9 for three bureaus. Additionally, it was estimated that the IRS fee was $4.50/Borrower/tax year.

From their discussions the sub-committee developed the following SMART Goals:

1. SONYMA/Overture to provide contact information for CBC Innovis to allow lenders to research TRV pricing **by: two weeks from March 24, 2011**;
2. Overture to provide screen shots for committee review **by: April 30, 2011**;
3. Follow-up conference call regarding screen shots **on: May 17, 2011 at 10AM**.
4. Overture to have live testing for committee **by: Early June**;
5. Follow-up conference call/webinar for navigation and use of **screens on: June 7, 2011 at 10AM.**
6. Conference call to discuss results of testing **on: June 28, 2011 at 10AM**; and
7. Overture to integrate Kroll and Equifax as TRV vendors for AUS **by: July 11, 2011**
8. Follow-up testing **by: TBD.**

"SMART Goals" - **Sub-Committee II. Process Issues**	
2:12 PM	Kelly Godino (Chair), Kathy Forrett (Co-Chair), Sharon Stockton, Jeff Needham, and Barbara Martin. Absent: Christina Hoffman **Staff Liaison:** Lynn Morris

The sub-committee's discussion began with how to create the training webinars and whether these should be done "live" or recorded.

- The sub-committee decided the webinars should be set up both ways, but "live" is preferred because of the added interaction with participants.
- Webinars should be in slides and audio format.
- Information in the webinars should be targeted primarily to Loan Officers (and adapted to other audiences as needed).
- The group suggested sending out a survey to Participating Lenders to help identify training topic priorities.
- The group stressed the importance of regularly scheduled webinars to help people become familiar with our product.
- Genworth will consider adding a regular SONYMA webinar to their training calendar.
- Doug discussed listing the webinar calendar to loan officer webpage on SONYMA's website.

The sub-committee then discussed the production of the webinars. Genworth already has a library of recorded webinars and Barbara Martin recommended sending out copies of these webinars for review by the sub-committee. These could then be customized for use by SONYMA. For example, Genworth has already created webinars on appraisal issues and credit reports but they need to be customized to SONYMA issues.

- Separate webinars should be provided for credit and compliance issues.
- Additional webinars are needed for calculating income and credit.
- Also, a SONYMA-specific webinar for self-employed borrowers in needed. How can development be sped-up?
- Lynn discussed specific topics that can be covered in the SONYMA 101 Basics webinar, which could be offered on a weekly basis.
- Creating separate, short introductory modules that can be used in place of a longer webinar, 10-15 minutes in length.
- Discussed if SONYMA 101 is too technical, perhaps it should focus more on the benefits of using SONYMA, explaining the program benefits and how to close a SONYMA loan.

Face-to-face training was discussed, with a representative from Genworth that covers multiple topics attending SONYMA events. Lynn recommends regional training. The challenge is to educate individuals who do not originate SONYMA loans on a regular basis. Criticism has been that training time can prevent or inhibit working on new loans.

Barbara suggested creating a SONYMA training page on the SONYMA website. Ideally, the site should be user friendly, include tips for lenders and template SONYMA forms.

The sub-committee then discussed developing a certification program for Loan Officers who originate SONYMA loans

- Should trainings or certification be a requirement?
- A certification process can make trainings more desirable.
- With a certification process, the production of Loan Officers can be tracked.
- SONYMA could recognize top producing Loan Officers; or certified individuals would be listed on SONYMA website.
- Recognizing Loan Officers can provide publicity for SONYMA as well.
- Doug recommended looking at other State Housing Finance Agencies' certification processes.
- Research other State Housing Agencies for June 1st conference call. Ideally, obtain 2 or 3 examples from other states.

From their discussions the sub-committee developed the following SMART Goals:

1. Establish a new rate-lock extension policy **by: April 1, 2011**;
2. Survey other HFAs and report on their Lender/Loan Officer certification policies and Loan Officer recognition programs. **by: June 1, 2011**;
3. Survey Lenders to establish training priorities for webinar/webex development **by: 6/1/2011;** and
4. Add training webinars to Loan Officer web page (in conjunction with AUS roll out) **by: 9/2011.**

"SMART Goals" - **Sub-Committee III. Issue: Outreach/Marketing**	
2:20 PM	Present: Mike O'Leary, Lynn Law, Nicole Mero-Dutil, Kennis Tong, Bill Wippich, Lewis Dubuque and Suzanne Raphael. Absent: Sheryl Bauer (Chair), Ed Patane (Co-Chair), Leslie Blanco-Ishoo, Duncan MacKenzie, and Denise Pandolfo **Staff Liaison:** Gail Kresge

Smart Goals:

1) Home Expo (September 2011)

-Identify key locations and geography. Identify logistical steps in planning the expos. Look into replicating it in other areas. "Build Success then Apply it" Gail K.-SONYMA.

-Resurrect regional homebuyer fairs - Try to have lenders invite experts on topics that educate first time home buyers. Try to get the Borrower into a counselor to walk them through process. Perhaps invite referral sources.

2) Developing Cooperative Ads.

-Promotion to be done on all levels: Radio, flyers, magazines, newspapers, Facebook, twitter, etc.

-Word of Mouth: Get everyone involved to push and make SONYMA recognized better.

-Possibly have a full page ads–split to make cost effective between all participants.

-Get actual news pieces, have a real life testimonials to inspire confidence into peers.

-Get in touch with regional newspapers to have pieces printed.

- Focus on the key benefit of selecting SONYMA vs. other products

-Develop a standard power point presentation for lenders to use at workshops.

-Selling points are SONYMA's low fixed-rate, no mortgage insurance requirements and down payment assistance

-Focus on referral services, realtors, etc. Trying to get "FHA minded" to connect with SONYMA.

3) Marketing new Automated Underwriting System Keeping up with the times and technology.
-Faster process, less paper work, easy pre-approval for all programs offered, etc.

4) Conference Calls:
-Mid April- targeting week of April 11th (Cooperative Ads)
-Mid June, Mid July & Mid August. (Ads & September Home Expo)
-Correspondence to be sent out as well.

From their discussions the sub-committee developed the following SMART Goals:

- Host a Housing Expo in NYC **by: 9/2011;**
- Evaluate Success and possibly Rollout Housing Expos to other regions **by: 2012;**
- Conference call regarding housing expo rollout **by: week of April 11th;**
- Launch cooperative ads and enlist support of lenders to determine price **by: Late May/June;**
- Market AUS system **by: Fall 2011**; and
- Host conference calls in regards to Home Expo **by: Mid-June, July and August.**

Next Steps and Closing	
2:30 PM	Doug Dylla and George Leocata

In closing, George Leocata thanked all of the Council members for their attendance and participation in making the meeting successful. He emphasized that suggestions or ways to improve SONYMA's processes or programs didn't need to wait until SAC held meetings and are welcomed at anytime and how critical the participant's input is to helping SONYMA improve its processes and programs.

In consultation with Council members, Doug Dylla proposed the next meeting of the Advisory Council be set for Thursday, September 22, 2011 from 10 am – 3 pm at the SONYMA offices.

- Council Adjourned -