



Can you pass the SONYMA first-time homebuyer test?

SONYMA's definition of a first-time homebuyer: A person who (i) has not had an ownership interest in his/her principal residence at any time during the three years prior to the date of making an application for a SONYMA mortgage loan or at the time of closing; and, (ii) at the time of making the loan application to SONYMA, does not own a vacation or investment home. This definition applies to all borrowers and includes residences owned in the United States and abroad.

DIVORCED/SEPARATED BORROWERS:

Q: You continue to share title with an ex-spouse on your former marital residence. You're divorced and moved out of the residence over 3 years ago. You have been renting for the past 3+ years and can provide evidence of such. Can you obtain a SONYMA mortgage?

A: Yes. You must, however, be removed from the title of your previous marital residence prior to loan application. This is the key: While you still have an ownership interest in your former marital residence, you have **not** had an ownership interest in your "primary" residence (your rental) for the past 3 years.

Q: You are in the process of obtaining a divorce and both you and your spouse continue to occupy the marital residence which is owned solely by your spouse. You never had an ownership interest in the home. You and your spouse filed joint tax returns for the past 3 years and took deductions for both mortgage interest and real estate taxes. You are moving out of the marital residence and you wish to purchase a home using a SONYMA mortgage. Do you qualify as a first time homebuyer?

A: Yes. You have NOT had an ownership interest in your principal residence for the past 3 years. You must provide evidence that you had no ownership by supplying a copy of the recorded deed. Further, you would need to supply evidence that your ex-spouse will not occupy the property by providing a copy of a legal separation agreement or divorce decree. This is the key: You did not have ownership in your principal residence during the past 3 years. You benefited from the mortgage interest and real estate tax deductions due to the joint filing status on your tax returns.

Q: You separated from your spouse and left your marital residence in 2008. It is now 2013. Even though you have been renting for 5 years, you took a mortgage interest and real estate tax deduction in 2010 on the marital residence. Can you obtain a SONYMA mortgage?

A: Yes. You have NOT had an ownership interest in your principal residence.... which is your rental property....during the past three years. If you have not already been removed from title of the former marital residence (you'll need a copy of the recorded deed) you must be removed prior to loan application.

EXPECTING FIRST CHILD:

Q: You and your spouse (or partner) is expecting your first child. Your due date is 60 days away. You wish to purchase a home with a SONYMA mortgage however your income exceeds the limits for a 2 person household. Once the baby is born, you would qualify as a 3 person household. Can you apply for a SONYMA mortgage today using the 3 person household income limit?

A: Yes, but the baby MUST be born PRIOR to loan closing. The loan officer should explain the circumstances in a "memo to file" and the file could be approved subject to the birth. It goes without saying that the file must contain a copy of the birth certificate.

PARENTAL PROPERTY:

Q: For the past 3 years, you made mortgage payments on a home owned by your parents. Even though you are not on title, you took mortgage interest and real estate tax deductions on your federal tax returns. Can you obtain a SONYMA mortgage?

A: Under federal tax law, you are not entitled to take these deductions. In order to qualify for a SONYMA mortgage, you must file amended tax returns for each of the past 3 years removing the real estate tax and/or home mortgage interest deductions. SONYMA will require copies of the signed amended forms and evidence that such forms were submitted to the IRS (e.g., copy of cancelled check, receipt that IRS received the amended returns, etc.)

Q: You and your siblings hold title to your parents' home through inheritance. You want to purchase the home outright and buy out your siblings. Can you obtain a SONYMA mortgage?

A: Yes.... Ownership interest in the property does not disqualify you as a first-time homebuyer. However, the maximum SONYMA will finance will be based on the appraised value of the property less your share of the property. For example, the appraised value of the home is \$100,000 and your share is one quarter or \$25,000. \$100,000 less \$25,000 is \$75,000. The maximum allowable financing will be based on \$75,000.

Q: You and your siblings hold title to your parents' home. You do not claim any mortgage interest or real estate tax deductions on your Federal tax returns associated with this home. Can you obtain a SONYMA mortgage?

A: Yes.... But you must not have lived in the residence in the past three years and you must be removed from the title prior to loan application.

TIMESHARE:

Q: You have not had an ownership interest in your principal residence during the past three years however you own a Time Share. Can you obtain a SONYMA mortgage?

A: Yes....as long as any mortgage interest or real estate tax deductions taken in conjunction with the Time Share are **REASONABLE**.

VACANT LAND:

Q: You own a parcel of vacant land but otherwise qualify as a first-time homebuyer. Are you eligible for SONYMA financing?

A: Yes. For credit underwriting purposes, however, the monthly real estate taxes on the vacant land must be included in the DTI.

SPOUSE/FIANCE/PARTNER OWNS A HOME:

If you are a first-time homebuyer but have a spouse, domestic partner, or fiancé who is **not**, you are still eligible for SONYMA financing. (The spouse, domestic partner, or fiancé cannot be on title.) However, the combined income of all household members age 18 or older expecting to live in the residence must not exceed the income limit.

TAX RETURNS:

- SONYMA requires all borrowers and non-applicant title holders to submit their last three years **signed federal** tax returns including ALL schedules. State returns are not acceptable or necessary.
- If applicant itemized deductions on Schedule A of Form 1040 for real estate taxes and/or home mortgage interest, SONYMA requires a notarized affidavit to explain deductions. Depending on the explanation, SONYMA will determine if the borrower is eligible for SONYMA financing.
- Submission of federal tax returns is waived for applications where the subject property is located in a federally designated Target Area or for eligible military veterans (and any household members).

FIRST TIME HOMEBUYER WAIVERS:

- The first-time homebuyer requirement is waived for properties located in designated Target Areas UNLESS the borrower applies for a SONYMA mortgage using the Achieving the Dream Program. ALL household members must be first-time homebuyers to be eligible for ATD and this requirement is not waived for homes located in designated Target Areas.
- The first-time homebuyer requirement is waived for **military veterans** who served in active military, naval, or air service and have been discharged or released from their military duties under conditions other than Dishonorable. This waiver also applies to members of the National Guard who have been called to “active duty.”

7/23/13