

Comparison of SONYMA Bond-Financed Mortgages vs. FHA

Product Features	FHA	SONYMA
Levels of loan approval	<ul style="list-style-type: none"> FHA self-insures Lenders' Direct Endorsement Underwriters approve loans 	3 Levels of loan approval* <ul style="list-style-type: none"> Lender PMI/Pool Insurer *Pre-Closing SONYMA compliance review will be eliminated for SONYMA <i>Express</i> approved loans
Automated Underwriting	Total Scorecard	SONYMA <i>Express</i> coming soon
Expiration of credit documents	Credit documents (including appraisal) must be dated within 120 days of loan closing	Pool/PMI Commitments expire 6 months from date of issue
Interest Rate	Market	Depends on Program – some are below-Market, others are at or above Market
Available Terms	15 – 30 year terms	30-year term only
Rate-Lock period	30 - 60 days	<ul style="list-style-type: none"> 100 days – existing 240 days – homes under construction or rehab
First-time homebuyer requirement	No	Yes. Target Area and Military Veteran waivers apply
Household Income Limit	None	Yes. Limits vary by household size, county & loan program
Mortgage Loan Limits & Purchase Price Limits	Mortgage Loan Limits vary by county	<ul style="list-style-type: none"> Purchase Price Limits vary by county Purchase Price and Appraised Value limits apply to ATD Program
Upfront MIP	1.75% - may be financed	Available, but not required - may be paid for by SONYMA DPAL

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Monthly PMI/MIF rate for terms <u>greater</u> than 15 years. (Premiums shown for SONYMA loans are Genworth premiums as of 1/26/15.)	<p>>95% LTV: 0.85% (effective 1/26/15)</p> <p>≤95% LTV: 0.80% (effective 1/26/15)</p> <p>Monthly MIP required on all loans, regardless of LTV.</p> <p>Monthly MIP Duration: >90% LTV: Never cancelled. Required to be paid for the life of the loan.</p> <p>≤90% LTV: 11 years</p>	<p>96.01% -97% LTV: 0.76% - 1.00%*</p> <p>95.01% - 96% LTV: 0.73% - 0.96%*</p> <p>90.01% - 95% LTV: 0.50% - 0.79%*</p> <p>85.01% - 90% LTV: 0.35% - 0.49%*</p> <p>80.01% - 85% LTV: 0.30% - 0.38%*</p> <p>*Higher premiums apply for FICO scores of 620 to 679.</p> <p>No PMI required for LTV's ≤80%</p> <p>PMI is cancelled when LTV reaches 80% based on the lower of the original sales price or original appraised value.</p>
Maximum LTV/CLTV 1 & 2 unit properties	<ul style="list-style-type: none"> • Maximum 96.50% LTV • Maximum CLTV varies by lender 	<ul style="list-style-type: none"> • Maximum 97% LTV • No maximum CLTV when subordinate financing is a qualified grant/subsidy
Maximum LTV/CLTV 3 & 4 unit properties	<ul style="list-style-type: none"> • Maximum 96.50% LTV • 3 month's PITI in reserve (cannot be gifted) Property must be self-sufficient – (Rental income must cover PITI) • May use 85% of market rent to credit qualify • No restriction on age of property 	<ul style="list-style-type: none"> • Max 90% LTV; no maximum CLTV • No reserves • Borrowers must contribute 3% of their own money to transaction • May use 75% of the lower of “actual” or “market rent” to credit qualify • Must be existing property (5 years or older)
Down Payment Assistance	None	Down Payment Assistance Loan available to all Borrowers. Equal to the <u>greater</u> of \$3,000 or 3% of purchase price, not to exceed \$15,000 0% interest; no monthly payment
Maximum seller-paid closing costs	6% (regardless of LTV)	<ul style="list-style-type: none"> • 3% - LTV's 90.01% -97% • 6% - LTV's ≤90%

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Homebuyer Education	Not Required, except for the Back to Work-Extenuating Circumstances Program	Required when: <ul style="list-style-type: none"> LTV is >95%; CLTV is >100%; Borrowers contribute less than 5% of their own money toward transaction Borrowers apply for Achieving the Dream, Habitat, or Remodel NY Program
Minimum Borrower contribution	<ul style="list-style-type: none"> All property types: 3.5% Minimum Borrower contribution (may be gifted) 	<ul style="list-style-type: none"> 1-2 unit properties: 1% minimum Borrower contribution (from "own funds") 3-and 4-unit properties & Co-ops: 3% minimum borrower contribution (from "own funds")
Maximum qualifying ratios - AUS approved loans	Determined by Total Scorecard	40%/45%
Credit Evaluation	<ul style="list-style-type: none"> 580 minimum credit score* Many lenders/investors require a higher score More lenient regarding delinquencies <p>*Credit scores under 580 require a minimum down payment of 10%</p>	<ul style="list-style-type: none"> No minimum credit score Primary Borrower must have at least 3 credit references established for a period of 18 months Credit references may be traditional, non-traditional, or any combination Requires satisfactory credit history
Requirements for using non-traditional credit references	<ul style="list-style-type: none"> Minimum of 3 non-traditional credit references with a 12 month history At least one reference must be a rental or utility reference Manual underwrite required 	<ul style="list-style-type: none"> Must have been established for at least 18 months Non-traditional credit may be used in lieu of or to supplement traditional credit Manual underwrite required

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Options for documenting rental payment history, when applicable	<ul style="list-style-type: none"> • 12 months' cancelled checks • 12 months' bank statements • VOR from Management company <li style="background-color: #FFDAB9;">• Verified via phone by credit agency 	<ul style="list-style-type: none"> • 12 months' cancelled checks or • 12 months' bank statements • VOR from Management company
Approval process for grants/subsidies	All grants/subsidies must be approved by HUD (may vary by lender)	Subsidy or secondary financing program must be sponsored by a federal, state, or local government agency or another source acceptable to SONYMA
Condominium Project	Condo project must be on list of FHA approved projects; otherwise, lengthy approval process	<ul style="list-style-type: none"> • Condo projects must meet SONYMA requirements • Condo Questionnaire required • Spot loans: SONYMA will finance the "<u>lower of</u>" 10 units (3 units if the project is new construction) or 50% of the total units in an existing project without project approval • Project Set-aside: SONYMA will pre-approve a specific number of units (up to 50%) in a development
Co-op Financing	Not available	<ul style="list-style-type: none"> • Maximum 95% LTV • No maximum CLTV • Co-op financing not offered by all SONYMA lenders
Appraisal Requirements	<ul style="list-style-type: none"> • Appraisers must be approved by HUD • Appraisals more complex 	<ul style="list-style-type: none"> • Standard Fannie/Freddie appraisal report

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Special Property Requirements	Properties must meet HUD’s required “minimum property standards” and any health and safety issues noted by FHA appraisers must be remedied (e.g. handrails, chipping or peeling paint, etc.)	<ul style="list-style-type: none"> Maximum lot size 2nd kitchen restrictions Property may not show evidence of business or commercial use Outbuildings may not be of commercial nature or used as a residence
Restriction of Re-Sales occurring 90 days or less after acquisition	Temporary waiver of anti-flipping rule extended through December 31, 2014.	No restriction if improvements have been made to the property. Otherwise, the current owner must have acquired title at least 180 days prior to the new contract date.
Family member to family member transaction	Financing restricted to 85% LTV when property is <u>not</u> the Seller’s primary residence. 85% limit may be waived if the buyer has been a tenant of the property for at least 6 months prior to the date of the sales contract.	Family member buying from family member is acceptable at maximum financing regardless of property type
Non-Occupying Co-Borrower-FHA Non-Occupying Guarantor- SONYMA	<ul style="list-style-type: none"> Maximum financing available for single family homes when non-occupying co-borrower is related by blood, marriage, law or established relationship Aggregate income may be used for credit qualifying purposes. Occupying borrower must meet minimum FHA credit requirements 	<ul style="list-style-type: none"> Guarantor eligible when primary Borrower has either no credit – or limited credit. Guarantor’s income may not be used to credit qualify Guarantor may not hold title. Guarantor may be used in conjunction with all property types
Private well requirements	<ul style="list-style-type: none"> Minimum distance requirement between private well and septic tank drain field Minimum distance requirement between private well and property line. Potability test required only when noted by appraiser 	<ul style="list-style-type: none"> No distance requirements Potability test required

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Private sewer	Inspection required only if noted by appraiser	Inspection required. Must meet local health department standards
Documenting Gift Funds	<ul style="list-style-type: none"> Document donor capacity Document funds leaving donor's account Document funds deposited into borrower's account. 	Not required to document donor capacity when gift funds are in the borrower's account at time of application or when gift funds are transferred to the borrower prior to submission of file to Genworth/MIF.
Cash-on-hand	Not eligible	Up to \$1,000 cash-on-hand may be counted as an asset once the borrower's minimum contribution requirement has been met. Cash must be deposited prior to application
Monthly child support payment	Counted as a liability (if more than 10 payments remain)	Deducted from gross monthly income rather than treated as a liability (if more than 10 payments remain.) This has a favorable impact on the Borrower's total debt-to-income ratio.
Gift of equity	May be applied to down payment <u>and</u> closing costs	May only be applied to down payment
Doublewide Manufactured homes	Requires Engineer's Certification on Foundation Compliance	Engineer's Certification not required

= Advantage to FHA or SONYMA