



# State of New York Mortgage Agency

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By E-mail

December 16, 2013

**RE: SONYMA Conventional Plus Program – Increase in Lender Compensation**

Dear Participating Lender:

On Friday, the State of New York Mortgage Agency (“SONYMA”) launched the FHA Plus program as a complement to the Conventional Plus program as well as our existing tax-exempt bond financed programs. In the FHA Plus program announcement, we stated that lenders would be compensated 2.5 points for each loan originated. With this announcement, we are pleased to advise that we are doing the same for Conventional Plus. Effective for any loan applications taken as of the date of this letter, lenders will be compensated 2.5% of the loan amount for each loan originated under Conventional Plus.

The highlights and terms of Conventional Plus are described in more detail on the attached Summary of Terms.

**Reminder: Continued Availability of 97% Financing**

On August 20<sup>th</sup>, Fannie Mae announced in its [DU Version 9.1 Release Notes](#) that it was reducing the maximum loan-to-value ratio (“LTV”) to 95%. On page 5 of that announcement, the below language was included:

*Note: HFA loans submitted to DU are subject to separate LTV/CLTV ratios. For specific HFA guidelines, lenders should contact their state Housing Finance Agency (HFA), and mortgage brokers should contact their DO sponsoring wholesale lender. As a reminder, lenders must have approval to deliver HFA loans to Fannie Mae.*

Thus, SONYMA, as a state housing finance agency, will continue to be able offer Conventional Plus at a maximum LTV of 97%.

Lenders not participating in Conventional Plus and interested in doing so should contact Jeff Mastro of M&T Bank at [jmastro@mtb.com](mailto:jmastro@mtb.com).

All of the Conventional Plus announcements can be accessed on our website at <http://www.nyshcr.org/Topics/Lenders/Lenders/ConventionalPlus/LenderAnnouncements.htm>. If you have any questions, please do not hesitate to contact the undersigned at (212) 872-0392 or [gleocata@nyshcr.org](mailto:gleocata@nyshcr.org).

Sincerely,

George M. Leocata  
Senior Vice President  
Single Family Programs



## Conventional Plus Program Summary of Terms

### MAIN FEATURES

- Competitively priced, 30-year fixed interest rate mortgages;
- Significantly lower mortgage insurance coverage requirements. MI will be provided by the SONYMA Mortgage Insurance Fund (“MIF”) for mortgage loans that meet the terms of the Program, but that Genworth Mortgage Insurance (“Genworth”) is unwilling to insure in the current market.
- Down payment/closing cost assistance up to 3% of the home purchase price (but not to exceed the maximum CLTV) (assistance can be used to pay one-time upfront mortgage insurance premium, eliminating the need for a monthly MIP).

### PROGRAM TERMS

|   |   |
|---|---|
| <b>Eligible Products</b>                              | Fannie Mae MyCommunityMortgage® (MCM)   |
| <b>Interest Rate</b>                                  | Fixed-rate only. Rates will be published daily by M&T Bank.   |
| <b>LLPAs and Adverse Market Fees</b>                  | No LLPAs. Adverse market fee of 25 bps included in rate pricing.  |
| <b>Borrower Points</b>                                | None required. Borrower may elect to pay points to obtain a lower rate.   |
| <b>Rate Lock Period</b>                               | 60 or 90 days (90 day locks will have a higher interest rate)   |
| <b>Maximum Lender Compensation and Allowable Fees</b> | <b>2.5% of loan amount</b> (As with traditional SONYMA financing, Lenders may charge up to \$850 in ancillary fees) (For correspondent lenders, ancillary fees, including M&T Bank’s Funding Fee of \$350, may not exceed \$1,200.)   |
| <b>Eligible Loan Purpose</b>                          | Purchase Money Mortgages and Limited Cash-out Refinances  |
| <b>Eligible Occupancy</b>                             | Owner-occupied primary residences only  |
| <b>Eligible Terms</b>                                 | 30-year terms only  |
| <b>Maximum LTV/CLTV</b>                               | <ul style="list-style-type: none"> <li>➤ 97%/105% for 1-family homes</li> <li>➤ 95%/100% for 2- to 4-family homes &amp; coops</li> </ul>  |
| <b>Subordinate Financing</b>                          | Must meet the requirements of Fannie Mae’s Community Seconds® Checklist   |
| <b>Maximum Loan Limits</b>                            | Fannie Mae maximums: <ul style="list-style-type: none"> <li>➤ 1-Family \$417,000</li> <li>➤ 2-Family \$533,850</li> <li>➤ 3-Family \$645,300</li> <li>➤ 4-Family \$801,950</li> </ul>   |
| <b>Purchase Price Limits</b>                          | None  |
| <b>SONYMA Down Payment Assistance Loan (DPAL)</b>     | <ul style="list-style-type: none"> <li>➤ Maximum assistance equal to 3% of the home’s purchase price (not to exceed the maximum CLTV). For refinances, the maximum assistance is 3% of the lower of the unpaid principal balance or the appraised value.</li> <li>➤ Interest rate on first mortgage will be higher</li> <li>➤ “Soft” second mortgage <ul style="list-style-type: none"> <li>○ 10 year term</li> </ul> </li> </ul> |

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|  | <ul style="list-style-type: none"> <li>○ Requires no monthly payment</li> <li>○ Must be in a second lien position</li> <li>○ Bears no interest</li> </ul> <ul style="list-style-type: none"> <li>➤ May be used for closing cost assistance in the event of a refinance, including for the payment of a one-time upfront mortgage insurance premium.</li> <li>➤ Down Payment Assistance will be evaluated as a gift when identified in DU as a Community Second. It must be included, however, when determining the actual CLTV.</li> </ul> |
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| <b>BORROWER ELIGIBILITY</b>   |  |
|---|--|
| <b>First-Time Homebuyer Requirement</b>                               | No.  |
| <b>Income Limits</b>  | <a href="#">Income Limits</a> apply.   |
| <b>Minimum Borrower Contribution (Own funds)</b>                      | <ul style="list-style-type: none"> <li>➤ 0% - 1-Family Homes, Condos &amp; Co-ops</li> <li>➤ 3% - 2- to 4-Family Homes (when LTV exceeds 80%)</li> </ul>   |
| <b>Pre-Purchase Homebuyer Education &amp; Counseling Requirements</b> | Pre-Purchase Homebuyer Education required for at least one borrower. Counseling from a HUD-approved homebuyer counseling agency is preferred but web-based counseling from Genworth is acceptable. |
| <b>Owner Occupancy</b>  | Yes, required for all loans.   |

| <b>PROPERTY ELIGIBILITY</b>    |   |
|--------------------------------|---|
| <b>Eligible Property Types</b> | 1- to 4-Family homes including condos, PUDs and coops               |
| <b>Manufactured Housing</b>    | NOT eligible  |
| <b>Project Loans</b>           | Condo, PUD, and Co-op developments must meet Fannie Mae guidelines. |

| <b>MORTGAGE INSURANCE</b>                  |   |
|--|---|
| <b>Mortgage Insurance</b>                  | Must be provided by Genworth Mortgage Insurance Corporation or SONYMA's Mortgage Insurance Fund (MIF). MIF will provide coverage on qualified loans that Genworth is unwilling to insure.                           |
| <b>Mortgage Insurance Coverage Amounts</b> | <ul style="list-style-type: none"> <li>➤ LTVs &gt; 95% and &lt;=97%: 18%</li> <li>➤ LTVs &gt; 90% and &lt;=95%: 16%</li> <li>➤ LTVs &gt; 85% and &lt;=90%: 12%</li> <li>➤ LTVs &gt; 80% and &lt;=85%: 6%</li> </ul> |
| <b>Delegated Underwriting</b>              | Not Permitted. All loans must be underwritten by the MI company.  |
| <b>Pool Insurance</b>                      | Not required  |

| <b>UNDERWRITING</b>                 |                      |
|-------------------------------------|----------------------|
| <b>Allowable AU Recommendations</b> | DU: Approve/Eligible |
| <b>Manual Underwriting</b>          | Not Permitted        |

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|---|---|
| <b>Maximum AU Qualifying Ratios</b>   | Determined by DU (Not to exceed 40%/45%)  |
| <b>Minimum Credit Score</b>   | Determined by DU  |
| <b>Acceptable Sources for Flexible Funds (once minimum borrower contribution has been made, where applicable)</b> | <ul style="list-style-type: none"> <li>➤ Gift from family member</li> <li>➤ Grant or loan from a non-profit organization, municipality or employer</li> <li>➤ Fannie Mae Community Seconds mortgage</li> </ul>  |
| <b>Other Income</b>   | <p>Up to 30% of qualifying income can come from:</p> <ul style="list-style-type: none"> <li>➤ documented boarder income with a 12 month history (relatives or non-relatives) for the purchase of a single family home, or</li> <li>➤ income from an occupying co-borrower lacking a traditional credit history, or</li> <li>➤ projected rental income based upon the “lesser of” actual or projected rents may be used as qualifying income <ul style="list-style-type: none"> <li>• 75% for 2-family homes</li> <li>• 65% for 3- and 4-family homes</li> </ul> </li> </ul> |
| <b>Non-Traditional Credit</b>   | Not permitted.  |
| <b>Reserves</b>   | Not Required  |
| <b>Interested Party Contributions</b>   | <ul style="list-style-type: none"> <li>➤ Maximum 3% for CLTV’s above 90%</li> <li>➤ Maximum 6% for CLTV’s &lt;= 90%</li> </ul>  |

| <b>PROGRAM STRUCTURE/MASTER SERVICER</b> |   |
|--|---|
| <b>Financing Structure</b>               | Fannie Mae MBS  |
| <b>Master Servicer</b>                   | M&T Bank  |
| <b>Loan Process</b>                      | <ul style="list-style-type: none"> <li>➤ Loans must be registered and locked with the Master Servicer.</li> <li>➤ Lenders will underwrite and originate loans in accordance with the program terms and Fannie Mae requirements.</li> <li>➤ Loans over 80% LTV require MI. Loans requiring MI should be submitted to Genworth using the Genworth-Conventional Plus coversheet. Genworth will submit to MIF for underwriting if the loan does not meet Genworth guidelines.</li> <li>➤ Lender will deliver closed loan files (by the lock expiration date) to the Master Servicer for review and approval.</li> <li>➤ Loans will be purchased by the Master Servicer who will pool the loans and request Fannie Mae to issue a mortgage-backed security (MBS).</li> </ul> |

Except as otherwise stated, loans must be underwritten in accordance with the MCM credit underwriting requirements currently in effect.

**Note: The above terms are subject to change.**