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Eligible Loan Channels

- Retail
- Correspondent

Product Type

10 Year Non-amortizing Second Mortgage

Sales Focus

A SONYMA second mortgage program designed to assist homebuyers with down payment assistance. Any additional funds available after the down payment is covered can be applied towards closing costs and prepaid items. DPAL may be also used to pay a one-time upfront mortgage insurance premium, thus eliminating the monthly MI premium and significantly lowering the monthly payment. This program can be used with the SONYMA Conventional Plus and FHA Plus program and for Refinances.

Geographic Restrictions

New York State properties only.

Maximum Loan Amount

The maximum assistance is as follows:

- For **standard SONYMA** programs, the DPAL is the higher of (a) \$3,000 or (b) three percent (3%) of the home purchase price (not the loan amount), not to exceed \$15,000.
- For the **Conventional and FHA Plus**, the DPAL is three percent (3%) of the home purchase price. There is no cap. The DPAL may pay for a one-time MI premium or be credited against the closing costs and prepaids.
- For **Refinance transactions under Conventional and FHA Plus**, the DPAL amount may not exceed 3% of the lower of the unpaid principal balance or the appraised value. The DPAL may pay for a one-time MI premium or be credited against the closing costs and prepaids.

Operational Instructions

- All loans must be registered with M&T by the Correspondent in MEME.
- One package is required for both the first mortgage loan and the DPAL.
- Loans are NOT registered through SONYMA's Lender Online nor is SONYMA pre-approval required.

Application Requirements

- Good Faith Estimate:
  - Mortgage tax and recording fee apply.
  - No additional title insurance, hazard insurance, or private mortgage insurance is required.
  - If the property is in a flood zone, flood insurance in the amount of the lesser of \$250,000 or the combined loans amounts is required.
- Good Faith Estimate Acceptance Certification.
- Down Payment Assistance Loan Recapture Notification (Exhibit 02-451).
- A TIL is **not** required.
- **EIN #16-0973504 when a DPAL is used with the SONYMA FHA Plus**

Assumability

Not assumable.

Funding and Post-Closing Details

- The DPAL is funded in the lender's name simultaneously with the first mortgage and must always remain in second lien position.

- The DPAL amount must be incorporated into the SONYMA Down Payment Assistance Loan Enforcement Note and Mortgage.
- SONYMA will require lenders to submit duplicate originals of the relevant document, as well as a duly executed assignment to SONYMA of the DPAL in the post-closing file.

#### Special Insurance Endorsement Instructions for FHA Plus Loans

If SONYMA's DPAL is used to fund the borrowers minimum cash contribution, HUD Mortgagee Letter 2013-14 requires the lender to document that SONYMA has "incurred an enforceable legal liability to fund the borrower's minimum cash investment" prior to or at closing. HUD has informed SONYMA that the Certificate of the State of New York Mortgage Agency (fully completed and executed by SONYMA and issued prior to closing) will suffice for this purpose. In addition, lenders will be required to deliver to M&T in the post-closing loan file the DPAL-related documents listed in this section.

IT IS CRITICAL FOR LENDERS TO HAVE THE FULLY EXECUTED SONYMA CERTIFICATE, ENFORCEMENT NOTE AND MORTGAGE, AND ASSIGNMENT OF MORTGAGE IN ITS POSSESSION AS OF THE LOAN CLOSING DATE. OTHERWISE, THE MORTGAGE WILL NOT BE INSURABLE BY FHA.

- DPAL Recapture Notification (SONYMA Form D4)
- Duplicate original of DPAL Enforcement Note and Mortgage (SONYMA Form D1) (Original should have been sent by lender to the county clerk for recording.)
- Duplicate original of Assignment of DPAL Mortgage (SONYMA Form 202) (Original should have been sent by lender to the county clerk for recording.) M&T will review the file and will advise lenders of any deficiencies.

#### Loan Servicing

- All loans are serviced by M&T in SONYMA's name.
- All or a portion of the DPAL may be required to be repaid or "recaptured" if the SONYMA mortgage loan is paid in full within ten (10) years of purchasing the home.

#### Rates & Pricing

Per daily rate sheet

#### Settlement Instruments

- SONYMA DPAL Enforcement Note & Mortgage (SONYMA Form D1/9-09; MT4940).
- SONYMA Assignment of Mortgage (SONYMA Form 202/9-99; MT4626).

#### Product Description and Product Codes

Product Description	Product Code
SONYMA 2 <sup>nd</sup> Mortgage DPAL	878

#### Ability to Repay Classification

- ATR - EXEMPT
- QM - N/A