



State of New York Mortgage Agency

641 Lexington Avenue, New York, NY 10022
(212) 688-4000 • Fax: (212) 872-0789

By E-mail

February 25, 2014

RE: Important Clarification on SONYMA FHA Plus Program (UPDATE)

Dear Participating Lender:

In the State of New York Mortgage Agency's ("SONYMA") [February 4, 2014 Lender Notice](#), intended to clarify some questions about the FHA Plus program ("FHA Plus"), we noted that HUD was requiring the Down Payment Assistance Loan ("DPAL") to be purchased by SONYMA prior to submitting the Mortgage Insurance Certificate ("MIC") for insurance endorsement. However, in the past week, we received additional communication from HUD on this and are updating our requirements accordingly.

REVISED: FHA Requirement Regarding Submission of MIC for Insurance Endorsement

FHA requires that the DPAL be in the name of SONYMA prior to submitting the loan for a MIC. Further inquiry with HUD indicated that the state law governing "ownership" of a mortgage would be the controlling factor in determining whether the loan was in SONYMA's name at the time of submission for the MIC. Under New York State law, this occurs at the time the Assignment of Mortgage is executed and sent for recording. Therefore, there is no need to wait for the loan to be purchased by SONYMA prior to submission for the MIC. The loan will be considered to be in the name of SONYMA from date of assignment to SONYMA. As long as the Assignment of Mortgage is dated prior to the date the loan is submitted for insurance, the requirement will have been met.

PLEASE NOTE: IT IS STILL 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.

We look forward to your participation in FHA Plus. If you have any questions, please do not hesitate to contact me at (212) 872-0392 or gleocata@nyshcr.org, or Sherri Eckles at (518) 473-0090 or seckles@nyshcr.org.

Sincerely,

George M. Leocata
Senior Vice President
Single Family Programs



CERTIFICATE OF THE
STATE OF NEW YORK MORTGAGE AGENCY

WHEREAS, the State of New York Mortgage Agency (the "Agency") wishes to assist low- and moderate-income homebuyers and homeowners by offering its Down Payment Assistance Loan ("DPAL") to borrowers obtaining an FHA-insured loan.

WHEREAS, the Agency wishes to allow the DPAL to be used towards the borrower's Minimum Cash Investment, but does not have the legal authority to make or originate mortgages, as required by Section 4155.1 5.C.2.c of the U.S. Department of Housing and Urban Development ("HUD") Handbook.

WHEREAS, to comply with terms of the HUD Mortgagee Letter 2013-14, dated May 9, 2013 (the "HUD Letter"), the Agency makes the following certification:

Reference is made to (a) \$[_____] DPAL to be provided by the Agency towards the Minimum Cash Investment of [insert name of borrower] (the "Borrower") in connection with [insert information identifying the mortgage to be funded] (the "Mortgage") and (b) HUD Letter.

Pursuant to the HUD Letter, this certificate is provided to [name of lender] (the "Mortgagee") as acceptable documentation to demonstrate that \$[_____] to be provided by the Agency to the Mortgagee towards the Borrower's Minimum Cash Investment in connection with the Mortgage is generated through the creation of a legal obligation and legally belongs to the Agency on or prior to the closing date of the Mortgage.

The undersigned, George M. Leocata, Senior Vice President of the Agency, does hereby certify as follows:

1. Under the terms of the Agency's DPAL, the Agency provides funds to the Mortgagee towards the Borrower's required Minimum Cash Investment (within the meaning of the HUD Letter) in connection with the Mortgage.
2. On or prior to the closing date of the Mortgage, the Agency has incurred a legally enforceable obligation to provide such DPAL funds as a result of such agreement to provide such DPAL funds.

IN WITNESS HEREOF, I have set my hand and affixed the seal of the Agency on the [____] day of [____], 20[____].

By: _____

George Leocata
Senior Vice President
Single Family Programs