MONTHLY LENDER NOTICE

Dated: May 1, 2012

NOTE TO LENDERS: *The purpose of the Monthly Lender Notice is to provide Lenders with important program information updates and reminders. Interest rate information is published each week in the "Availability of Funds and Notice of Terms Bulletin". A new Monthly Lender Notice is issued by SONYMA by the first calendar day of each month.*

ANNOUNCEMENTS

ELIMINATION OF WEEKLY AND MONTHLY LENDER REPORTS

Beginning May 1st, SONYMA will no longer send lenders the weekly reports confirming new reservations and extensions, as well as the monthly status and cancellation reports. Instead, this information can be obtained through our Lender Online (LOL) system. Lenders are encouraged to prepare these same LOL reports on a frequent basis. If you need assistance running these reports, please click on the appropriate links located at the bottom of the LOL Home Page or contact Marie Cammarata for guidance at 212-872-0401 or mcammarata@nyshcr.org.

COMPARE SONYMA WITH FHA

Members of the SONYMA Advisory Council recently developed a reader- friendly comparison between SONYMA and FHA loans. The comparison chart can be found on our **Loan Officer's webpage** which contains a wealth of information for loan officers including a list of required forms and documents, MIF and Genworth rate cards, a Loan Officer brochure which can be personalized, product training notes and much more. The attached chart was recently updated to reflect the following:

1) Increase in FHA's Upfront Mortgage Insurance Premium & Annual Mortgage Insurance Premium, effective April 1, 2012;
2) Status of the development of credit and compliance underwriting engine, SONYMA Express;
3) Clarification regarding the use of non-traditional credit for SONYMA purposes. Specifically, non-traditional credit may be used in lieu of or to supplement traditional credit;
4) FHA's extension of anti-flipping waiver;
5) Addition of three charts (pages 7, 8, 9) comparing proposed monthly payments and funds required to close.

***NEW* SONYMA HOME PAGE**

A revision was made to the NYSHCR website which changed the navigation to SONYMA's home page. In the past, users were able to click on "**Information for Loan Officers**" or "**Information for Participating Lenders**" after placing your cursor over "**Lenders**" at the top of our Home Page. This option is no longer available. To navigate to these familiar web pages, go directly to our homepage via **www.sonyma.org**, and click on "**Topics**", located across the top, to access the drop down menu where you will find our "**Lenders**" link (right hand column) to access to our standard web pages.

REMINDERS

REVISED MASTER HAZARD AND FLOOD INSURANCE CERTIFICATE, MASTER LOAN FUNDING CERTIFICATION AND SELLER/SERVICER ANNUAL CERTIFICATION DOCUMENTS

On January 30, 2012, SONYMA released Seller's Guide Bulletin #1-2012, announcing two new forms that will reduce the number of hard-copy documents that Lenders are required to submit in each post-closing loan file. Once Lenders have submitted the executed Master Hazard and Flood Insurance Certificate (Form 247/1-12) and the Master Loan Funding Certification (Form 248/1-12) documents to SONYMA, it will no longer be necessary for

Lenders to submit a completed and executed document with each closed loan file. The Seller/Servicer Annual Certification was revised to incorporate the use of these two forms. Please refer to the bulletin for more information.

SUBMISSION OF FILED UCC DOCUMENTS

The New York City Register Office recently announced that they will no longer return filed UCC documents for cooperative loans. Therefore, effective with this notice, SONYMA will not require Lenders to submit original filed UCC documents for the counties of Bronx, Kings, New York, Queens, and Richmond. Instead, SONYMA will accept a copy of the filed UCC documents that have been printed from the Automated City Register Information System (ACRIS). Note that Lenders must continue to submit original filed UCC documents for all other counties.

COMING SOON - SONYMA *EXPRESS®* AUTOMATED UNDERWRITING AND IRS COMPLIANCE SYSTEM

SONYMA, along with the members of the SONYMA Advisory Council, **have entered** the testing stage of **SONYMA *Express,*** our proprietary automated underwriting and IRS compliance system. This system will provide automated decisions on SONYMA loan eligibility and eliminate the need for Lenders to send Pre-Closing compliance file submissions to SONYMA for review. **SONYMA *Express*** is expected to be launched during the second quarter of 2012. For more information, **please click here**.

COMPLIANCE WITH NEW YORK STATE LAW REGARDING SUBPRIME LOANS

It has been brought to our attention that a few SONYMA loan applications may inadvertently fall within the definition of "subprime home loan" as set forth by New York State Law. The precipitous drop in conventional interest rates over the past several months coupled with higher SONYMA rates, has led to this situation. In order to ensure that SONYMA loans are not characterized as subprime, SONYMA will reduce the interest rate of any loan to a level where the loan no longer falls within the subprime definition. If a lender has a loan that has failed the subprime test, please bring it to the attention of Marie Cammarata. Evidence that the locked interest rate fails the subprime test, the interest rate needed to make the loan compliant and the Truth-in-Lending Disclosure and Good Faith Estimate should be provided. If SONYMA agrees with your finding, the interest rate on the loan will be reduced.

PROGRAMS

EXPANSION OF HOMES FOR VETERANS PROGRAM

On November 16, 2011, SONYMA released Seller's Guide Bulletin #6-2011 announcing the expansion of the Homes for Veterans Program. This program will now allow active duty US military personnel who are first-time homebuyers to take advantage of the benefits of the program.

SONYMA OWN IT, FIX IT NEW YORK! HOME MORTGAGE

Under Own it, Fix it New York! Home Mortgage repair escrow option, eligible purchasers can buy a home and finance the cost of renovating it with one low, fixed rate mortgage. The main features of the Own it, Fix it New York! Home Mortgage are as follows:

- Financing up to the lower of 97% of the "after-improved" appraised value or the Purchase Price plus financeable repairs and allowable "soft costs";
- Availability of Down Payment Assistance Loan (higher of $3,000 or 3% of the home purchase price, not to exceed $15,000);
- Eligible repairs allowed up to the lower of 20% of the "after-improved" appraised value or $25,000;
- Eligible properties are existing 1 and 2 family homes, PUDs and condominiums; and
- SONYMA will purchase these mortgages from Lenders prior to the completion of repairs and escrow pay-out.

Complete details of the Own it, Fix it New York! Home Mortgage can be found in the **SONYMA Own it, Fix it New York! Home Mortgage Seller's Guide Bulletin #1-2011** and **Bulletin #2-2011**.

For training information on the Own it, Fix it New York! Home Mortgage, see **Information for SONYMA Participating Lenders** **or** **Information for Loan Officers** web pages to view a recent SONYMA staff conducted Webinar; PowerPoint Presentation; list of Eligible Renovations and a list of Required Home Improvement Contract Provisions found under our "**Lender Training Materials"** section**.**

COMPLIANCE UNDERWRITING

IMPORTANT REMINDER WHEN SUBMITTING FILES TO SONYMA

SONYMA's Pre-and Post-Closing Checklists (and other SONYMA forms) require Lenders to provide the name, phone number, and email address of the Lender's contact person. This information is vital as it gives SONYMA the ability to respond quickly and directly with the person most familiar with the loan file.

SONYMA PRE-CLOSING FILE REVIEW

SONYMA's review time for loan application files is approximately 24 to 48 hours from receipt of the loan file. Lenders could help us improve our turnaround time by ensuring that all documents are submitted in the manner described on the **Pre-Closing Application File Checklist (Form #225/1-12)**. Files submitted with missing or incomplete documents require us to perform multiple reviews of the same file and slows our response time in reviewing newly submitted loans. Additionally, if your loan file is suspended for deficient or further documentation, please submit any corrective or trailing documents at one time.

MORTGAGE INSURANCE/POOL INSURANCE/CREDIT UNDERWRITING

FANNIE MAE/FREDDIE MAC UNIFORM MORTGAGE DATA PROGRAM (UMDP)

Effective September 1, 2011, Fannie Mae and Freddie Mac requires that appraisers utilize new Uniform Appraisal Dataset (UAD) report standards. The purpose of the new requirement is to make uniform terminology used by property appraisers and to improve reporting consistency. In March 2012, the GSEs will also require Lenders to electronically deliver the data to the GSEs via a web portal. *At this time*, SONYMA encourages, but will not require, Lenders to submit appraisals using the UAD standards. Appraisal reports must continue to be submitted to SONYMA using the most recent version of the Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70); Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465); Individual Cooperative Interest Appraisal Report (Fannie Mae Form 2090); Small Residential Income Property Appraisal Report (Fannie Mae Form 1025/Freddie Mac Form 72); or Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B), as applicable.

SUBMISSION OF CREDIT DOCUMENTATION AND APPRAISALS FOR PMI/POOL INSURANCE UNDERWRITING

Lenders are reminded that credit documents (paystubs, credit report, bank statements) must be dated within 90 days of the date a file is submitted for PMI/pool insurance consideration. ***Additionally, until further notice, property appraisals must be dated within four (4) months of the date a file is submitted for review.*** If the appraisal is greater than 4 months old at the time of submission, the mortgage insurance underwriter will determine whether an appraisal update or a new appraisal is required. If an appraisal update is submitted and the appraiser states that the value of the property has declined since the original appraisal, a new appraisal will be required. Once a loan has been approved, if the loan does not close prior to the expiration of the pool and/or MI certificate (six (6) months), the credit documents must be updated and a new appraisal is required.

GENWORTH'S JOB LOSS PROTECTION PRODUCT

Genworth offers job loss protection to any borrower receiving Genworth mortgage insurance. This product is available at no additional cost to borrowers or Lenders and provides protection from temporary unemployment.

Borrowers who become involuntarily unemployed will have their mortgage payments covered up to $2,000 a month for a maximum of 6 months for a job loss occurrence during the benefit period. For more information, please see our website (**http://www.nyhomes.org/Home/Buyers/SONYMA/JobLossPaymentProtectionPlan.htm**).

POOL INSURER COMMITMENT TIMEFRAMES

Both Genworth Mortgage Insurance Corporation and SONYMA's Mortgage Insurance Fund ("MIF") issue insurance commitments for a 6-month period, starting from the date the loan is approved for mortgage insurance and/or pool insurance. As a reminder, loans not closing within the 6-month commitment period will require a second review by Genworth and/or MIF, as applicable, to ensure the loan application remains a good credit risk. As such, after the 6-month commitment period has expired, Genworth and/or MIF will require updated credit documentation (paystubs, credit report, bank statements, etc.) and a new appraisal (i.e. Fannie Form 1004 or Freddie Form 70). ***The SONYMA loan must close on or prior to the extended expiration date of the MI/pool commitment.***

INTEREST RATE CHANGES; LAPSE OF COVERAGE; MATERIAL CHANGES TO LOAN FILE AFTER COMMITMENT

If SONYMA approves an extension of the mortgage commitment, lenders are responsible for notifying the pool insurer and the appropriate PMI insurer, if applicable, of changes in interest rates prior to closing. AN INCREASE IN THE INTEREST RATE MAY RESULT IN A REJECTION OF THE LOAN BY THE POOL INSURER. Lenders are also responsible for ensuring that coverage from such insurer has not lapsed prior to loan closing.

Most lenders update credit documents and appraisals prior to closing. In the event these updates indicate the borrower's credit, income, or asset position has changed to the point where the borrower's ability to repay or close on the requested loan amount is impacted, or the value of the property has declined, these updates must be forwarded to the appropriate pool and/or mortgage insurer for reconsideration of the insurance commitment.

SUBMITTING FILES TO THE POOL INSURER

All Low Interest Rate and Achieving the Dream Program loan files must be sent directly to Genworth Mortgage Insurance Corporation for pool (and MI, if necessary) insurance underwriting [not to SONYMA's Mortgage Insurance Fund (MIF)]. Loans for which Genworth elects not to provide mortgage insurance, but which meet SONYMA guidelines, will continue to be approved through Genworth with MIF providing the mortgage insurance. Only loans reserved under the Construction Incentive, Remodel New York, and Habitat for Humanity Programs should be sent directly to MIF for mortgage insurance. Files should be sent as noted on the following page:

Program	*SONYMA Loan Number Prefix*	*Pool Insurer Address*
Low Interest Rate and Achieving the Dream Programs	890, 895, 910, 915, 920, 925, 935	Genworth Mortgage Insurance Corporation Attn: Central Imaging 8325 Six Forks Road Raleigh, NC 27615
Construction Incentive, Remodel New York, and Habitat for Humanity Programs	892, 896, 912, 916, 919, 932	SONYMA Mortgage Insurance Fund 641 Lexington Avenue, 5th Floor New York, NY 10022 Attention: Mike Esposito

LENDER ONLINE/LOAN RESERVATIONS

USE PROJECT-SET ASIDE NUMBERS (PSA #) WHEN RESERVING LOANS ON LENDER ONLINE (LOL)

Under SONYMA's Project Set-Aside Program, SONYMA will pre-approve a condominium or co-operative projectand agree to finance up to 50% of the units to eligible purchasers. In order for SONYMA to accurately track the number of units reserved in each project, it is very important that Lenders enter the PSA # assigned to the projectwhen registering loans on Lender Online. This will enable SONYMA to maintain a more accurate accounting of the number of units available for financing and assist Lenders in knowing when the maximum has been reached. Below is the link to our Project-Set Aside Approval List which contains a list of SONYMA approved condominium and co-operative projects, the number of loans available for reservation, and the project's respective PSA number.

http://www.nyhomes.org/assets/documents/ProjectSetAsideApprovalList.pdf

SONYMA LOAN STATUS

Lenders can get up-to-date loan status information by accessing Lender Online as discussed above or by calling Lou Germanakos at 212-872-0407.

RESERVATION/RATE LOCK-IN REQUESTS & USE OF LENDER ONLINE

Lenders must reserve loans via our internet-based Lender Online ("LOL") system. As a reminder, if you have not been assigned a logon ID and password to allow you to access LOL, please contact your SONYMA Primary Contact. If you do not know whom to contact, please call Lou Germanakos at 212-872-0407 or e-mail him at **lgermanakos@nyshcr.org**. *LOL Administrators:* When reserving loans on LOL, a Contact Person and Loan Officer must be assigned to the loan; otherwise, the reservation will not be accepted. If the Loan Processor information is available, this name can also be assigned at the time of reservation. Please remember to set up a Contact Person, Loan Officer and Loan Processor for each branch office listed on LOL.

Lenders must be in receipt of a fully executed binder or sales contract, prior to accepting a loan application and registering the loan with SONYMA. Any applications taken without such verification must not be reserved. Reservations made without the proper documentation will be subject to a rate change and possible Lender penalty. **Reminder:** Lenders locking new construction loans as short term are advised that Lender paid penalties may result should the loans close beyond the initial lock term.

RESERVATIONS NOT ACCEPTED BY LENDER ONLINE

Lenders will be unable to reserve a loan on Lender Online when (1) the application was taken 7 days or more prior to the reservation date, and (2) the applicant exists on the system from a previous reservation (already reserved, or if the application was denied or withdrawn); only SONYMA personnel can reserve these loans. If you receive a message that the application is 7 days or older or the applicant has a previous reservation, the reservation must be entered by SONYMA. When this occurs, the Lender is required to submit the below listed documents by fax to 917-274-0406:

*Fully completed and executed **Loan Reservation Worksheet & Rate Certification Form (Form #238**);
*1003 (1st page & signature page, executed and dated by applicants);
*Sales Contract (only the 1st page & the last signature page fully executed) or signed Binder; and
*Completed and executed **Interest Rate Option Form (Form #D3)**.

SONYMA will research previously canceled or rejected reservations and will contact the sender of the fax if any issues arise. Additionally, for applications of 7 days or more, SONYMA may require the lender to pay a penalty if SONYMA's rates change during that time.

SONYMA LOAN EXTENSION AND RATE RE-LOCK POLICY

Requests for a loan extension, accompanied by appropriate supporting documentation, must be made by completing and submitting the **Loan Extension and Rate Re-Lock Request Form (Form #235/8-11)** *on or before* the initial rate expires for any loan not expected to close with the initial rate lock period. Send this request to the attention of Sylvia Roberts, SONYMA Team Leader. The re-locked interest rate will be determined on the date SONYMA receives Form 235 (and all acceptable supporting documentation). SONYMA will review the request and, if approved, will process the extension by modifying the expiration date of the loan and, if applicable, will change the interest rate on Lender Online (LOL) to the re-locked rate. Upon approval of the request, the loan will be extended and the interest rate re-locked for a period of **45 days** in accordance with the policy outlined in **Seller's Guide Bulletin #5-2011**. Lenders will be able to view the revised expiration date and re-locked interest rate on Lender Online.

EXTENSION PENALTIES

Lenders who submit a Loan Extension and Rate Re-Lock Request Form *after* the rate expires will be subject to a 0.25% penalty.

MAINTENANCE OF LENDER ONLINE USERS

Lenders are reminded that it is your responsibility to maintain a current list of all LOL users within your organization. *In particular, individuals who are no longer employed by your company should be immediately removed.* For more information, please refer to the **Lender Online User's Guide**.

CLOSINGS

RESPA GUIDELINES FOR SONYMA DOWN PAYMENT ASSISTANCE LOANS

On October 6, 2010, HUD released a notice exempting, among other things, certain down payment and closing cost assistance products from Sections 4 and 5 of the Real Estate Settlement Procedures Act ("RESPA") requirements. Because SONYMA funds its Down Payment Assistance Loan ("DPAL") with proceeds from tax-exempt mortgage revenue bonds, DPALs qualify for this exception. However, Item "E. Settlement Cost" of the notice states (as one of six eligibility characteristics) that if the second mortgage settlement charges exceed one percent (1%) of the down payment assistance loan amount, the loan is NOT exempt from the RESPA requirements. SONYMA believes that due to the one percent (1%) settlement cost requirement, most DPALs will not be exempt from RESPA requirements since the combined cost of the recording fee and the New York State mortgage tax for the DPAL will likely exceed one percent (1%) of the second mortgage loan amount. Therefore, lenders should prepare a GFE and HUD-1 for the DPAL when the costs exceed one percent (1%). However, in those instances where the DPAL loan expense is less than one percent (1%), it is not necessary for the lender to prepare the GFE and HUD-1 for the DPAL. Refer to **Lender Letter dated October 27, 2010** for more details.

Important Note: Please be advised that SONYMA does not give legal advice. Lenders must make their own determination as to whether these forms are necessary.

REMINDER TO NON-SERVICING LENDERS – TIMELY SUBMISSION OF REQUIRED LOAN FILE TO SONYMA'S MASTER SERVICER

Lenders who do not service loans for SONYMA are reminded of their obligations to transfer servicing of loans to SONYMA's master servicer, M&T Bank ("M&T"), in accordance with previously agreed to procedures. **Click here to review the procedures.** Each Lender has represented to SONYMA that it will transfer the servicing of each loan to M&T within 5 business days of the loan closing date. Lenders must advise borrowers at closing that M&T will be servicing their loan. Lenders may not process any servicing transactions prior to transfer and any mortgage payments received are to be sent to M&T for processing. ***Failure to do so may result in SONYMA suspending your company from taking new loan applications.***

MISCELLANEOUS INFORMATION

ANOTHER WAY TO FIND US

What's a simple, easy way to remember SONYMA's website? **SONYMA.org**

LOAN OFFICER WEB PAGE

SONYMA maintains a web page specifically for Loan Officers. All the tools necessary for a Loan Officer to originate SONYMA mortgages are located on one comprehensive page. To access this page, please click here: **Information for Loan Officers.**

SONYMA HELPFUL TIPS

SONYMA periodically publishes helpful tips to provide Lenders with information regarding SONYMA financing. Note that we maintain an archive of these tips on our website (**http://www.nyhomes.org/Lenders/Lenders/ArchiveofWeeklyLenderTips.htm**), with links from both the Lender and Loan Officer pages.

INQUIRIES REGARDING LOAN DECISIONS

Lenders are advised not to refer applicants to call Genworth, SONYMA, or the MIF regarding loan decisions. All dialogue should be between the SONYMA Lender, and Genworth or SONYMA/MIF.

SONYMA RELATIONSHIP MANAGERS

Please contact one of SONYMA's Relationship Managers if you need assistance with training on products, or guidance on policies or procedures. Please feel free to contact them using the following information:

Downstate (Albany and South)	Gail Kresge	Cell 917-576-8250 **gkresge@nyshcr.org**
Upstate (North and West of Albany)	Lynn Morris	Cell 917-613-1465 **lmorris@nyshcr.org**

LOAN PURCHASE PROCEDURE

SONYMA will purchase approved post-closing loans on Thursdays. If Thursday is an Agency holiday, the loans will be purchased on Friday. Lenders will be advised by e-mail when each closed loan document file has been approved for purchase. The mortgage loan will be purchased on the next scheduled purchase date. Until further notice, all loans will be purchased under the Home Mortgage Revenue Bond (HMB) Indenture.

SONYMA HOLIDAYS

In observance of Memorial Day, SONYMA will be closed for business on Monday, May 28th.